SGH

SEVEN GROUP HOLDINGS LIMITED
ANNUAL REPORT 2013

(ABN 46 142 003 469)

CONTENTS

SEVEN GROUP HOLDINGS HAS A PORTFOLIO OF INDUSTRIAL SERVICES, MEDIA, PROPERTY AND OTHER INVESTMENTS AND IS AN OPERATING GROUP WITH DIVERSITY, SCALE AND STRONG PROSPECTS FOR GROWTH WITH MARKET-LEADING BUSINESSES ///

CHAIRMAN'S LETTER ///

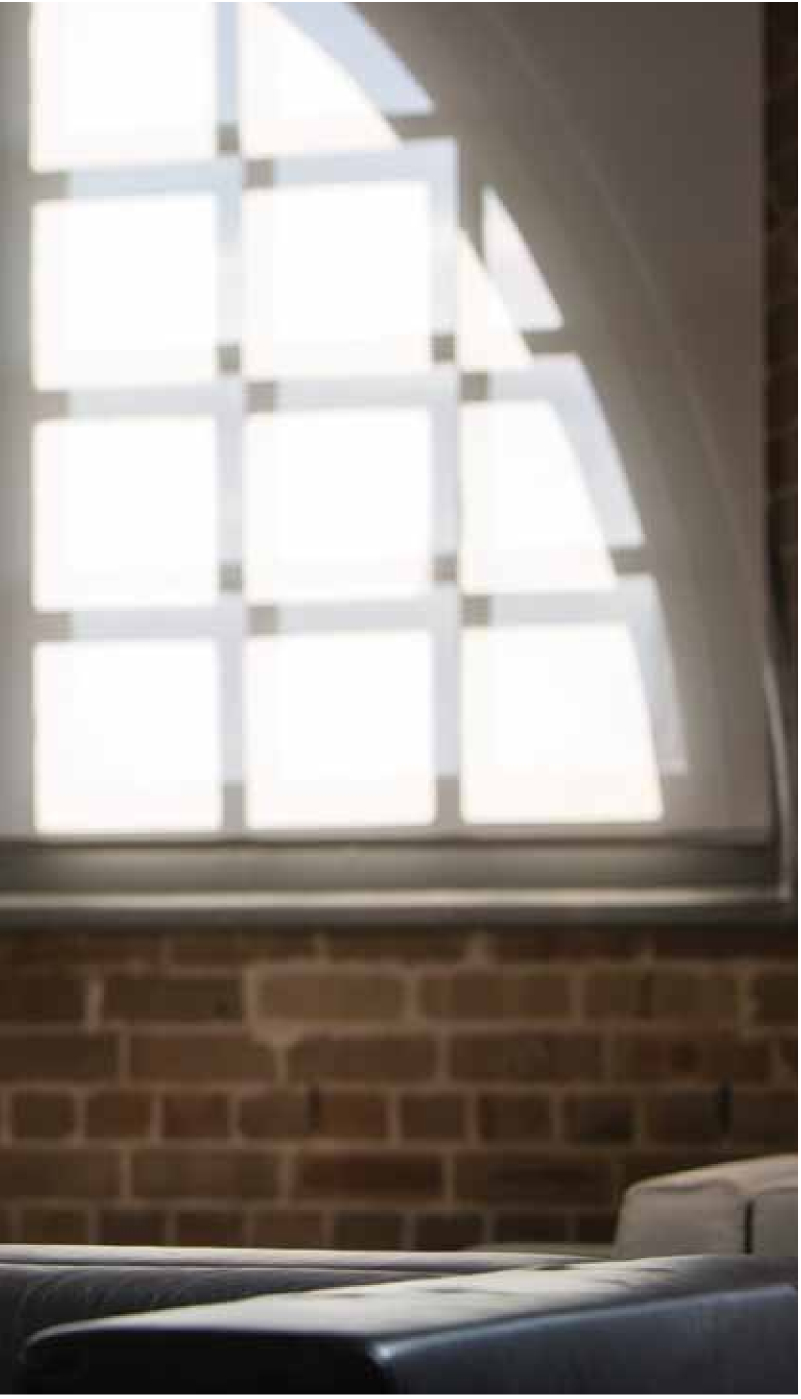
I am pleased to present our annual report for shareholders.

Seven Group Holdings has delivered another strong performance, delivering a record underlying profit result in what was an undoubtedly challenging economy over the past twelve months.

It has been a year of growth and consolidation along with undertaking far-ranging restructuring and cost reduction programmes across our operating businesses to meet the changing demands of the mining sector. We have a strong balance sheet and our businesses and investments are well-placed to take advantage of an improving economic outlook.

WesTrac Australia delivered a strong performance – a record result, largely driven by an exceptional performance in the first half of the financial year, underlining this company's leadership in the mining, resources and infrastructure sectors in New South Wales and Western Australia.

Conditions in our territories in China were difficult and we have re-engineered our businesses as China's economy slowed to a more sustainable growth rate of 7 to 8 per cent. We continue to see China as a substantial opportunity for WesTrac.



Recently, Jim Walker announced his retirement as Managing Director and Chief Executive Officer of WesTrac. It is fair to describe Jim as a legend of the industry. His contribution to WesTrac and Seven Group Holdings has been extraordinary and we are pleased that he will continue to work with us in a new role building on our partnerships with Caterpillar and our key customers.

Our investments in media deliver your company a market-leading presence across broadcast television, newspaper and magazine publishing, online and subscription television. It was pleasing to see Seven West Media deliver a positive performance in a challenging economy punctuated by low consumer confidence and declines in advertising demand. The past twelve months has seen the Seven Network confirm its leadership as the number one television network in ratings and revenue, and West Australian Newspapers' performance continues to deliver world class returns. Under the leadership of Tim Worner, Seven West Media is well-placed to continue to deliver on its leadership after confronting a difficult advertising market and uncertain overall consumer confidence.

In July 2013, Don Voelte accepted a new challenge: that of Managing Director and Chief Executive Officer of Seven Group Holdings. Don joins your company from Seven West Media, where as Managing Director and Chief Executive Officer, he led a great management team and implemented fundamental changes which place Seven West Media in a strong position to meet the demands of a challenging media landscape.

I am delighted that Don has joined Seven Group Holdings. He has a track record as an outstanding business executive and strong credentials in the mining sector in a career spanning three decades.

Don replaces Peter Gammell. Peter and I have worked closely together for more than two decades and I understood his decision to step back from his public roles as CEO and a Director of Seven Group Holdings. Peter was instrumental in the transformation of Seven Group Holdings over the past three years and the Board and I wish to acknowledge his key role in building your company.

It has been a positive year for your company. We have encountered a challenging economy and across our operating businesses we have redefined our structures to meet the changing demands of the mining sector. The underlying strengths of our operating businesses, our strong balance sheet and our strategic investments provide us with the framework to meet new challenges and also take full of advantage of opportunities to build your company.

Your board is focused on driving greater returns for all shareholders, and on behalf of the Board I thank you, our shareholders, for your continuing support and commitment to your company.

Kerry Stokes AC
Executive Chairman

OPERATING AND FINANCIAL REVIEW ///

RESULTS FOR THE YEAR ENDED 30 JUNE 2013

Total trading revenue (billion) **$4.752b**

Underlying EBITDA (million) **$686.0m**

Underlying Net Profit After Tax (million) **$398.9m**

Statutory Net Profit After Tax (million) **$488.6m**

Financial Results

Seven Group Holdings Limited (SGH) reports a statutory net profit after taxation (NPAT) of $488.6 million for the 2013 financial year. This is up 177 per cent on the previous financial year. After adjustment for significant items, SGH reports underlying NPAT of $398.9 million, an increase of 16 per cent on the previous financial year.

SGH delivered underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of $686.0 million, an increase of 9 per cent on the prior year, on total revenues of $4,751.6 million, up 6 per cent.

Underlying earnings before interest and tax (EBIT) is $622.8 million for the financial year, up 13 per cent on the 2012 financial year.

Underlying earnings per share (excluding significant items) is up 22 per cent to $1.20 per ordinary share. Statutory earnings per share is up 245 per cent to $1.49 per share.

This is a record underlying result, reflecting the performance of the Company's industrial services businesses in Australia, with WesTrac Australia delivering significant growth in revenue and profitability, particularly in the first half of the financial year, benefiting from the growth in Australia's coal and iron ore mining sectors.

As forecast at the time of the Company's interim results, WesTrac's second half was expected to have lower activity levels as a result of declining commodity prices.

While there has been a recovery in the iron ore price, which has improved activity from WesTrac's iron ore customers, the coal sector has remained subdued, impacting the second half result.

Given the challenging market conditions in the second half of the year and a cautious outlook over the coming twelve months, the Company has, and continues to, implement significant and far ranging cost management and cost reduction programmes across its operating businesses.

Significant Items

Significant items during the year include the Group's sale of its interest in Consolidated Media Holdings, sale of part of the Kings Square Project and a reversal of a prior impairment of the carrying value of SGH's investment in Seven West Media. Significant items also include costs associated with the Group's restructuring activities during the year. On an after-tax basis, significant items deliver a net gain after tax of $89.7 million.

Key Financial Results ($m)

	Results for year ended 30 June 2013	Results for year ended 30 June 2012	% Change
Trading revenue	$4,751.6	$4,467.4	6%
Underlying EBITDA	$686.0	$629.8	9%
Underlying EBIT	$622.8	$553.1	13%
Underlying profit before tax	$514.0	$440.0	17%
Underlying profit after tax	$398.9	$343.2	16%
Underlying EPS	$1.20	$0.98	22%
Reported profit before tax	$622.9	$132.8	369%
Reported profit after tax	$488.6	$176.7	177%
Statutory EPS	$1.49	$0.43	245%
Full year fully franked dividend per ordinary share	40 cents	38 cents	5%

Note: underlying results exclude significant items, and are used internally by management to assess the performance of the Group. Underlying results have not been subject to audit or review.

Performance

	As reported		Significant items[a]		Underlying trading performance[b]	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Total revenue	4,751,630	4,467,407	-	-	4,751,630	4,467,407
Total other income	182,537	214,327	(103,718)	(138,697)	78,819	75,630
Share of results from equity accounted investees	115,505	163,019	9,613	(8,176)	125,118	154,843
Impairment of equity accounted investees	77,851	(416,890)	(77,851)	416,890	-	-
Total expenses excluding depreciation and amortisation	(4,344,064)	(4,105,312)	74,517	37,198	(4,269,547)	(4,068,114)
Profit before depreciation and amortisation, net finance costs and tax	**783,459**	**322,551**	**(97,439)**	**307,215**	**686,020**	**629,766**
Depreciation and amortisation	(63,186)	(76,696)	-	-	(63,186)	(76,696)
Profit before net finance costs and tax	**720,273**	**245,855**	**(97,439)**	**307,215**	**622,834**	**553,070**
Net finance costs	(97,341)	(113,030)	(11,500)	-	(108,841)	(113,030)
Profit before tax	**622,932**	**132,825**	**(108,939)**	**307,215**	**513,993**	**440,040**
Income tax (expense)/benefit	(134,327)	43,923	19,187	(140,734)	(115,140)	(96,811)
Profit for the year	**488,605**	**176,748**	**(89,752)**	**166,481**	**398,853**	**343,229**
Profit for the year attributable to:						
Equity holders of the Company	486,417	165,933	(89,752)	166,481	396,665	332,414
Non-controlling interest	2,188	10,815	-	-	2,188	10,815
Profit for the year	**488,605**	**176,748**	**(89,752)**	**166,481**	**398,853**	**343,229**
EARNINGS PER SHARE (EPS)						
Ordinary shares						
Basic earnings per share ($)	$1.49	$0.43			$1.20	$0.98
Diluted earnings per share ($)	$1.49	$0.43			$1.20	$0.98

(a) Significant items is comprised of gain on sale of property, plant and equipment, net gain on sale of investments, equity accounted investees and subsidiary, impairment reversal/impairment of equity accounted investees, impairment of non-current assets, fair value movement of derivatives, restructuring and redundancy costs, transaction costs related to acquisitions, share of results from equity accounted investees attributable to significant items, fair value unwind of deferred consideration in finance income and any income tax expense/benefit of significant items.

(b) Underlying trading performance is comprised of reported results less significant items. This is separately disclosed and reconciled to statutory performance to assist users in understanding the financial performance of the Group.

(c) Refer to Consolidated Income Statement for detailed information on individual reported components above.

Balance Sheet

SGH has net assets of $3,035.3 million, including a listed securities portfolio of $758.8 million, excluding the Company's shareholding in Seven West Media and approximately $1.25 billion in available undrawn facilities at 30 June 2013.

The Company has seen a significant increase in the market value of its listed portfolio over the past twelve months – with the portfolio increasing in market value by $145 million in the 2013 financial year.

At 30 June 2012, the Group net debt was approximately $1.7 billion. By 30 June 2013, net debt had reduced to $713 million. This reduction in debt reflects the Company's strong operating cash flows during the year and the net sale of investments.

The strong operating cash flow was supported by a significant reduction in working capital during the year as the delivery of a large number of new fleet occurred in the second half of the 2012 financial year and first half of 2013 financial year.

At 30 June 2013, the Group's net debt to equity ratio is 23 per cent and approximately 85 per cent of the Group debt is fixed. The average tenor of the Group's debt facilities is 4.4 years.

Dividend

A final dividend of 20 cents per share fully-franked has been declared, taking the total dividend on ordinary shares for the 2013 financial year to 40 cents per share fully franked – a 5 per cent increase on the 2012 financial year.

Group Business Model

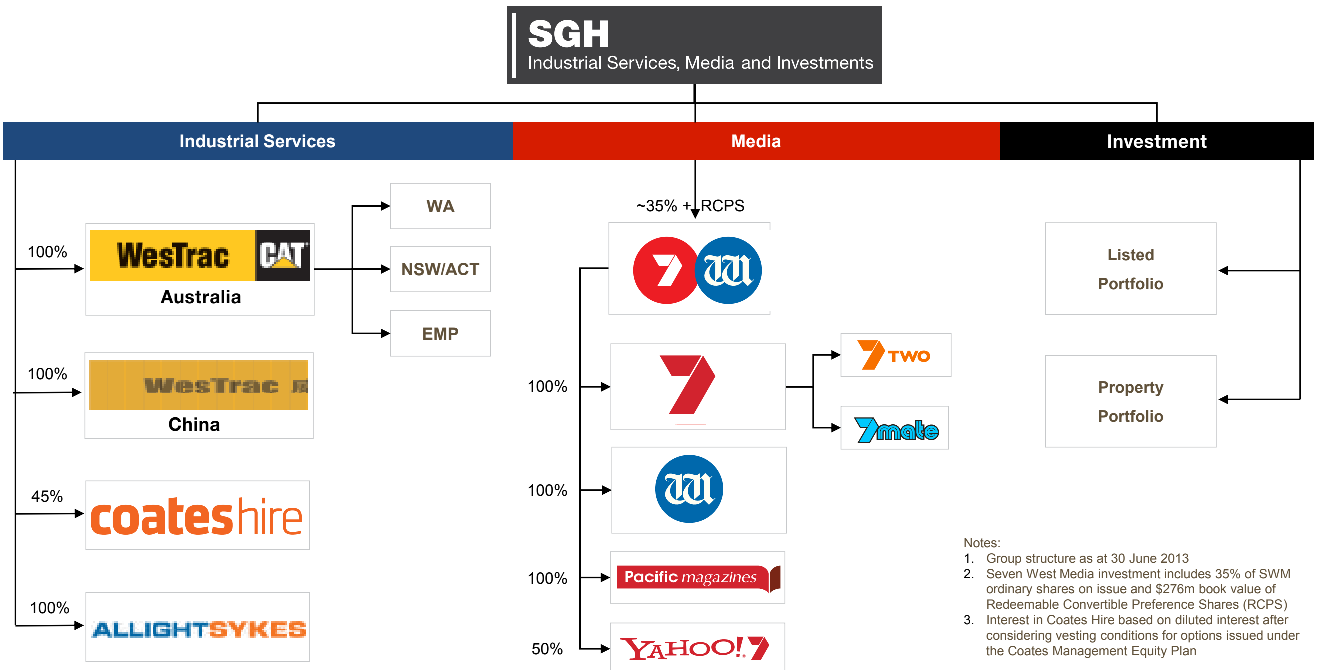
Seven Group Holdings is a leading Australian diversified operating and investment group with market leading businesses and investments in industrial services and media.

The Group's core operations are in the industrial services sector with WesTrac's Caterpillar dealerships in Australia and China, our 45 per cent interest in Coates Hire and our ownership of AllightSykes.

The Group's primary investment in media is via its 35 per cent shareholding and Redeemable Convertible Preference Shares in Seven West Media which delivers a market-leading presence across broadcast television, newspaper and magazine publishing, online and new forms of the delivery of content to consumers.

House Rules - Seven Network

The Group also has a listed investment portfolio and a number of property investments. The listed investment portfolio provides the Group with a source of liquidity and an ability to create shareholder value through selective investment opportunities. The portfolio also provides the Group with income from dividends and franking credits that are available for distribution to shareholders. The Group also holds a number of strategic direct and indirect property investments, which the Group are managing to deliver maximum value over time. A summary of the Group's Corporate structure is illustrated below.



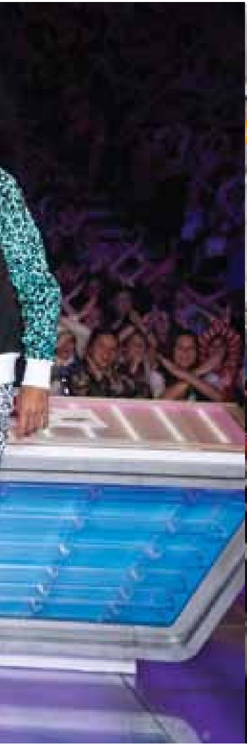
Notes:
1. Group structure as at 30 June 2013
2. Seven West Media investment includes 35% of SWM ordinary shares on issue and $276m book value of Redeemable Convertible Preference Shares (RCPS)
3. Interest in Coates Hire based on diluted interest after considering vesting conditions for options issued under the Coates Management Equity Plan

The X Factor - Seven Network

A summary of the key operating businesses and media investments is below. Further detail on the performance and outlook for each business is provided in the "Review of Businesses" section.

Controlled Businesses		SGH Ownership	Industry	Trading Revenue FY13 ($m)	Strategic Position
WesTrac Australia		100%	Mining and construction equipment	4,106	#1 equipment solution company in WA and NSW / ACT
WesTrac China		100%	Mining and construction equipment	485	One of the leading equipment solutions companies in China
AllightSykes		100%	Industrial lighting, pumps, generators and engines	156	Supplies one of the world's broadest ranges of lighting towers, pumps, generators, engines and compressors
Associates					
Coates Hire		45%	Industrial and general equipment hire	1,241	#1 Australian equipment hire company
Seven West Media		35% + RCPS	Diversified media	1,882	Australia's largest diversified media company
- Seven Network		35%	Free to air television	1,268	#1 television network
- The West		35%	Newspapers	303	#1 newspaper in WA
- Pacific Magazines		35%	Magazines	256	#1 Australian owned magazine publisher
- Yahoo!7 / Other		18%	Online media / radio	55	Yahoo!7 is a leading online platform with global and local content

Note: The Group also has selective investments in media assets, other listed shares and property assets, which are held to create shareholder value through creating exposure to certain industry sectors. Further details on the Group's investments in listed investments and property assets are included in the "Property and Listed Portfolio" section.



Group Strategy

SGH is focused on strengthening and managing its businesses, reducing costs and enhancing performance across all its controlled industrial services businesses. We are reducing our capital expenditure and costs to meet the changing market demands for mining and industrial services products.

In industrial services, we are continuing to drive further operational efficiencies and enhance service levels to underpin the strengthening of the WesTrac and AllightSykes business models. This model emphasises long-term growth through a focus on parts and service product support, while transforming the business for more efficient growth.

During the year the Group and Carlyle Group concluded a strategic review of ownership alternatives in relation to Coates Hire, and decided to retain the current ownership. The Group and Carlyle remain fully committed to Coates Hire and continuing to grow Australia's leading rental company.

In our media investments, Seven West Media recognises that it is an audience company, delivering content to those audiences across an array of platforms. Seven West Media's objective over the coming twelve months is to strengthen its financial performance in a challenging advertising market and continue to invest in creative content and drive home the leadership of its media business.

Our listed investment portfolio provides the Group with a source of liquidity and an ability to create shareholder value through selective investment opportunities. The portfolio also provides the Group with dividends and franking credits, and we will continue to look for opportunities that are aligned with the creation of shareholder value.

The Group's broad interests include strategic property assets and capabilities. We intend to maximise the value of our existing property assets and selectively exploit new opportunities while minimising pressure on our balance sheet.

Review of Businesses

Trading Revenue ($m)	Jun-13	Jun-12	Change %
WesTrac Australia	4,105.6	3,530.0	16%
WesTrac China	484.5	670.3	(28)%
AllightSykes	155.8	210.3	(26)%
Other Investments	5.7	56.7	(90)%
Total	**4,751.6**	**4,467.3**	**6%**

Segment EBIT ($m)	Jun-13	Jun-12	Change %
WesTrac Australia	446.7	387.1	15%
WesTrac China	(2.5)	8.4	–
AllightSykes	(0.6)	9.2	–
Coates Hire	47.8	58.3	(18)%
Media Investments	105.8	116.1	(9)%
Other Investments	37.5	5.1	631%
Total	**634.6**	**584.2**	**9%**

INDUSTRIAL SERVICES ///

A YEAR OF CONSOLIDATION AND GROWTH ALONG WITH UNDERTAKING FAR RANGING RESTRUCTURING AND COST REDUCTION PROGRAMMES TO MEET THE CHANGING DEMANDS OF THE MINING SECTOR


FIRE

WesTrac Group

WesTrac Group is the authorised Caterpillar dealer in Western Australia, New South Wales and the Australian Capital Territory in Australia and in the north eastern China provinces of Hebei, Liaoning, Heilongjiang, Jilin, Shanxi, Inner Mongolia and the municipalities of Beijing and Tianjin.

WesTrac Group is an equipment management company that offers a total equipment solution to clients, extending beyond the sale of equipment. The total solution encompasses the entire life cycle of equipment – with the initial sale the start of an ongoing customer relationship. WesTrac's business is dependent on a strong long-term partnership with Caterpillar, the world's leading equipment manufacturing company.

WesTrac Group has two main categories of revenue: equipment sales (product sales) which accounted for approximately 67 per cent of WesTrac Group's total sales for the 2013 financial year and parts and servicing (product support) which accounted for 33 per cent of WesTrac Group's total sales.

Other revenue sources for WesTrac Group include dealing in used equipment and used parts, rental of equipment and equipment management services such as conditioning monitoring, training and education.

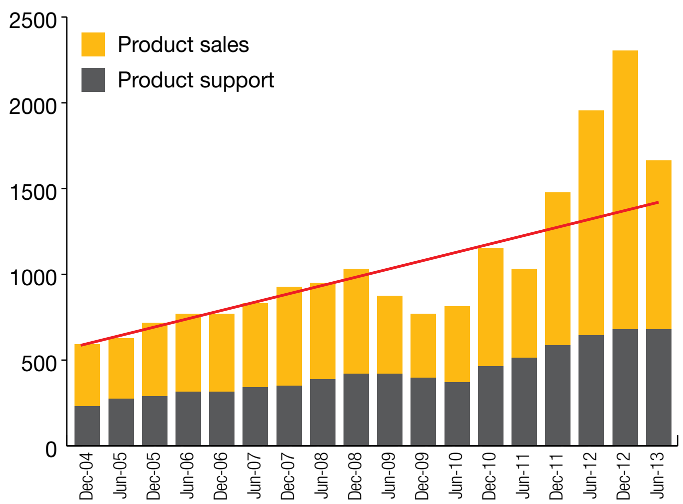
Service revenues are often generated in conjunction with replacement parts revenues and typically entail a combination of preventive and repair or rebuild maintenance.

WesTrac Group's model has earning streams that are resilient during a downturn. Product support revenues are considered more stable and recurring than product sales, which are typically less regular and dependent upon the prevailing economic conditions. WesTrac Group has a number of service contracts and the machines in its service territories will require ongoing service to keep them operational.

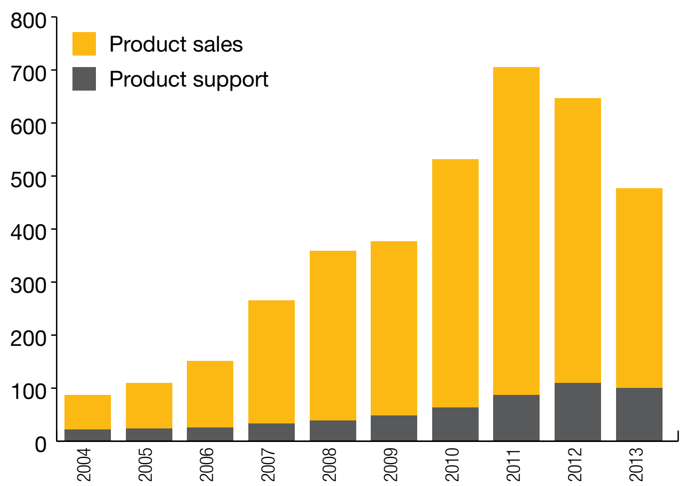
The 2013 and 2012 financial years saw record performances driven by a significant number of large fleet deliveries for WesTrac in the second half of the 2012 financial year and first half of the 2013 financial year.

As shown on the charts below, WesTrac saw a significant decline in the record levels of product sales and we anticipate growth to return to historical trend.

Historical WesTrac Australia Trading Revenue by Half ($m)



Historical WesTrac China Trading Revenue by Year Excluding WERC (US$m)



Note: WesTrac China is presented in USD as this is the functional currency of WesTrac China.

WesTrac Australia

WesTrac Australia ($m)	Year ended 30 June 2013	Year ended 30 June 2012	Change %
WesTrac Australia			
- Product sales	2,678.7	2,240.0	20%
- Product support	1,405.6	1,279.1	10%
- Other revenue and other income[1]	29.3	17.0	94%
Revenue and other income	**4,113.6**	**3,536.1**	**16%**
Segment EBITDA	**497.3**	**427.2**	**16%**
Segment EBITDA margin	12.1%	12.1%	
Segment EBIT	**446.7**	**387.1**	**15%**
Segment EBIT margin	10.9%	10.9%	
Employees	4,238	4,207	**1%**

1. Other revenue and other income includes fees in relation to cancelled orders, apprentice rebates and training fees

WesTrac Australia posted a record result for the year. This growth was driven by a strong performance in revenue in the first half of the financial year driven by record demand for new equipment sales. This demand did not continue in the second half, with a significant pull-back in orders, impacted by the softening in the coal sector in New South Wales and the deferment of a number of large mining projects in Western Australia. As a result, WesTrac undertook a restructure of its NSW/ACT operations at a cost of $10.7 million.

In Australia, WesTrac delivered total revenue and other income of $4,113.6 million, up 16 per cent on the prior year. Segment EBIT of $446.7 million is up 15 per cent on the prior year.

The delivery of new equipment, with a focus on the first half of the financial year, saw a 20 per cent increase in product sales to $2,678.7 million across the 2013 financial year.

WesTrac Australia also delivered $1,405.6 million in product support revenues, 10 per cent up on the prior year.

Last year, WesTrac Australia successfully completed the acquisition of the Bucyrus distribution and support business in Western Australia, New South Wales and the Australian Capital Territory from Caterpillar Inc. The transaction further strengthens WesTrac's leadership in the supply and service of heavy equipment to the mining sector. This business has been successfully integrated into WesTrac's management structure and is trading as WesTrac Expanded Mining Products (EMP).

EMP has improved WesTrac's ability to service its customers' full mining equipment needs and the focus is now evolving from the integration of EMP into WesTrac's business to that of maximising the opportunities an expanded product range brings to WesTrac.

WesTrac China

WesTrac China (USD $m)	Year ended 30 June 2013	Year ended 30 June 2012	Change %
WesTrac China			
- Product sales	394.2	555.1	(29)%
- Product support	109.0	120.1	(9)%
- Other income	1.9	3.8	(50)%
Revenue and other income (USD)	**505.1**	**679.0**	**(26)%**
Segment EBITDA (USD)	**5.9**	**17.4**	**(66)%**
Segment EBITDA margin	1.2%	2.6%	
Segment EBIT (USD)	**(1.5)**	**8.7**	**–**
Segment EBIT margin	-0.3%	1.3%	
Employees	1,262	1,927	**(35)%**

WesTrac is the sole Caterpillar dealer across north-eastern China, a geographical area covering approximately 25 per cent of the country, including regions containing significant mineral and energy deposits. The region accounts for approximately 26 per cent of China's GDP.

The Chinese economy has slowed from low double digit growth to a more sustainable level of between 7 to 8 percent. However, with a growing middle class in China, we believe there will be an increasing demand for mining resources and infrastructure development, which we see as a substantial opportunity for WesTrac China over the medium term.

WesTrac China's performance in the year was impacted by a slowdown in the mining and construction markets, with segment EBITDA of US$5.9 million – down 66 per cent on the previous financial year. Revenue and other income was US$505.1 million – down 26 per cent. In December 2012, as a result of this downturn, WesTrac China undertook a significant restructure at a cost of $9.5 million, to reconfigure the business to meet current market conditions and future growth opportunities. In a competitive second half, WesTrac China has been able to grow its market share in the hydraulic excavator business.

AllightSykes

AllightSykes ($m)	Year ended 30 June 2013	Year ended 30 June 2012	Change %
Revenue	155.8	210.3	(26)%
Other income	0.3	0.8	(63)%
Operating costs	(152.7)	(198.8)	(23)%
Segment EBITDA	**3.5**	**12.3**	**(72)%**
Depreciation and amortisation	(4.0)	(3.0)	34%
Segment EBIT	**(0.6)**	**9.3**	**–**

The Group's AllightSykes business specialises in the manufacture, assembly, distribution and sales of Allight mobile lighting, power generation, the distribution and support of Perkins engines, FG Wilson power generation sets and manufacture and distribution of Sykes pumps and dewatering equipment.

AllightSykes experienced a softening in demand for its products reflecting an overall scaling back on capital expenditure by customers in the mining sector. Revenue of $155.8 million is down 26 per cent on the previous financial year. Segment EBITDA declined 72 per cent to $3.5 million. AllightSykes is undertaking a cost reduction and restructure programme including property consolidation and exiting some stock lines to meet the challenging market conditions.

Coates Hire

Coates Hire ($m)	Year ended 30 June 2013	Year ended 30 June 2012	Change %
Revenue and other income	1,241.0	1,293.0	(4)%
Gross profit	824.2	868.3	(5)%
Underlying EBITDA	533.7	563.8	(5)%
Underlying EBIT	279.2	326.9	(15)%
Segment result ($m)			
Share of Coates underlying NPAT	43.1	56.3	(23)%
Other income	4.7	2.0	135%
Segment result	**47.8**	**58.3**	**(18)%**

Coates Hire delivered a positive first half of the financial year but was impacted by a softening in demand due to overall market conditions in the second half of the financial year to which Coates Hire responded by implementing a number of restructure initiatives.

Coates Hire has delivered revenues of $1,241 million, down 4 per cent on the 2012 financial year. Underlying EBITDA of $533.7 million is down 5 per cent.

Coates Hire is focused on operating and capital efficiency and increasing the utilisation of its existing fleet. Coates Hire continues to use free cash flows to pay down debt.

The Group has a 45 per cent economic interest in Coates Hire in a joint venture with the Carlyle Group. The Group recognises Coates Hire as an equity accounted investment.

Coates Hire is Australia's largest integrated equipment hire company with over 125 years of experience in industry. Coates Hire has been supplying hiring equipment to a wide variety of markets including engineering, civil construction, building construction and maintenance, mining and resources, manufacturing, government, industrial shutdowns and event management. Coates Hire currently has a network of over 200 branches and satellite locations across Australia, including operations in the UK and Indonesia. Coates Hire is the leading equipment hire business in Australia and one of the largest equipment hire businesses globally.

Its product range includes equipment for compaction, access, power generation, mobile lighting, welding and general equipment, as well as portable buildings, commercial buildings, portable toilets, temporary fencing and containers, shoring, traffic management, confined space and laser equipment. Coates Hire is Australia's largest hirer of excavation support equipment, trench safety systems, specialist pumps, dewatering equipment and associated products.

Coates Offshore, an operating division of Coates Hire, provides specialised hire equipment to oil and gas projects throughout the world from its UK headquarters based in Aberdeen, hiring specialist compressors and steam generators to the global offshore oil and gas industries. Approximately 50 per cent of Coates offshore revenues are generated from supplying equipment in the North Sea, with the remaining business derived from other offshore customers around the world.

Coates Hire also operates in Indonesia under a division called Coates Hire Indonesia which hires air compressors, lighting towers, compaction, pumps, welding, access equipment and other equipment to mainly mining and oil and gas companies across the archipelago. Coates Hire Indonesia operates its major centres in Java and Kalimantan, with on-site facilities in Sulawesi, Sumatra and Irian Jaya.

INVESTMENTS

Property and Listed Investment Portfolio

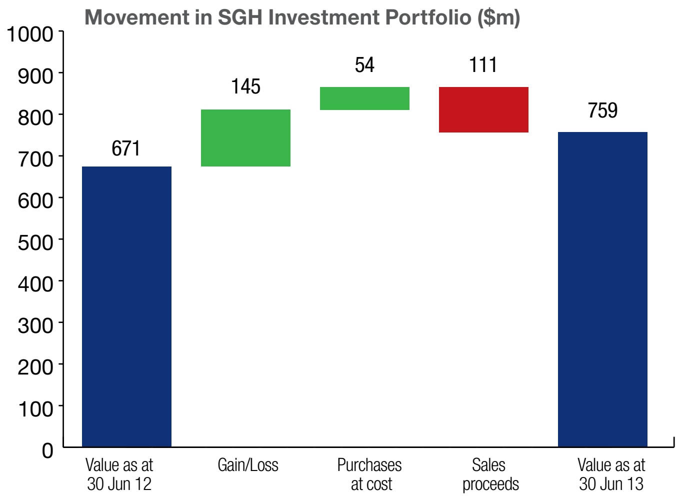
Other investments ($m)	Year ended 30 June 2013	Year ended 30 June 2012	Change %
Revenue	5.8	56.7	(90)%
Other income	39.3	43.6	(10)%
Share of results from equity accounted investees	0.0	0.6	(100)%
Total revenue and other income	**45.1**	**100.9**	**(55)%**
Expenses (excluding interest and corporate)	(7.3)	(70.9)	(90)%
Segment EBITDA	**37.8**	**30.0**	**26%**
Depreciation and amortisation	(0.5)	(24.9)	(98)%
Segment EBIT	**37.3**	**5.1**	–

Note: the results above exclude net gains on the sale of investments, subsidiaries and property

Investments

The Group's listed portfolio is an important pool of liquidity available to the group, invested in high yielding listed securities and providing income, franking credits and an ability to create shareholder value through selective investment opportunities. The market value of this portfolio as at 30 June 2013 was $758.8 million.

During the year, our listed investment portfolio performed well, providing the Group with dividend income and a $145 million increase in market value along with $57 million in net cash flow from the proceeds of sale. The gains in listed share value are recorded in reserves, and will be transferred to the income statement on disposal of the underlying investment. The Group has recorded a gain of $15.9 million in the income statement on disposal of listed investments in the year.



In June 2012 the Group disposed of Vividwireless Group Limited to Optus Mobile Pty Limited for $230.0 million. The Group recognised a gain of $129.8 million in the year ended 30 June 2012 and a further $11.5 million in the current year in respect of the unwinding of discounts on deferred consideration.

In September 2012 the Group disposed of its interest in the Engin VoIP business to Eftel for $9.1 million, realising a gain on disposal of $8.4 million.

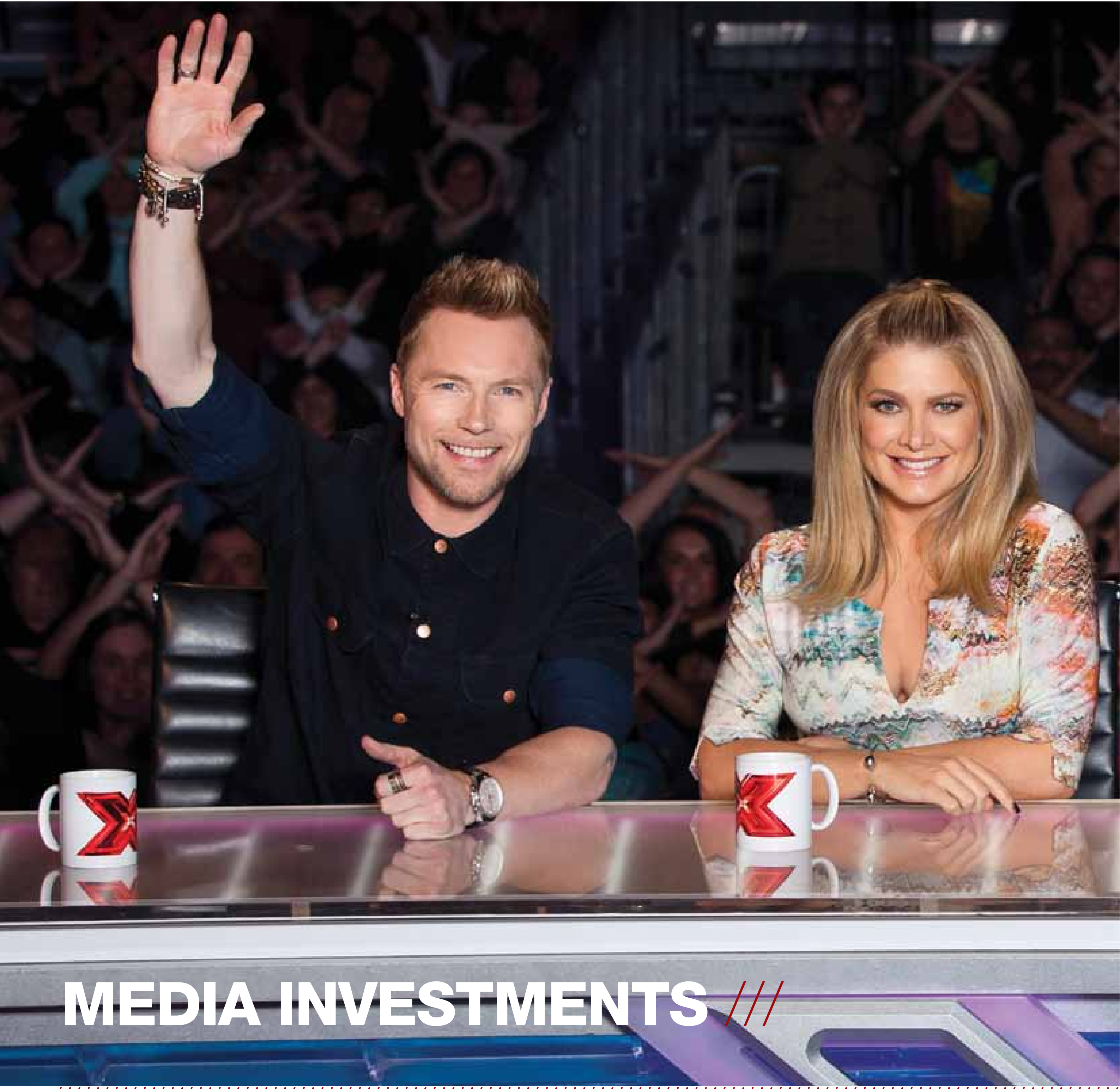
Both of these disposals of subsidiaries contribute to the year on year movements in certain balances, notably operating expense, depreciation and amortisation in the income statement.

Property

SGH has a number of property investment assets from which the objective is to maximise value and returns.

These property investments include the Perth Entertainment Centre / Kings Square site, Seven's Tuart Hill studio in Perth and indirect property investments through the Flagship property development company and other property holdings.

SGH sold the first three sites at Kings Square during the year, recording a gain on sale of $29.4 million, which has been treated as a significant item. The sale of a fourth site has recently been negotiated and there are three additional sites remaining to realise value on in the future.



MEDIA INVESTMENTS ///

SEVEN WEST MEDIA IS FOCUSED ON STRENGTHENING ITS PERFORMANCE AND BUILDING ON ITS LEADERSHIP ACROSS BROADCAST TELEVISION, MAGAZINE AND NEWSPAPER PUBLISHING AND ONLINE OVER THE COMING TWELVE MONTHS


The X Factor - Seven Network

My Kitchen Rules - Seven Network

A Place To Call Home - Seven Network

Media investments ($m)	Year ended 30 June 2013	Year ended 30 June 2012	Change %
Share of associates NPAT			
- Seven West Media	72.8	71.1	2%
- Consolidated Media Holdings	6.6	21.1	(69)%
Other income	26.4	23.9	10%
Segment EBIT contribution	**105.8**	**116.1**	**(9)%**
By investment			
- Seven West Media	96.2	92.6	4%
- Consolidated Media Holdings	6.6	21.1	(69)%
- Other	3.0	2.4	25%
Segment EBIT contribution	**105.8**	**116.1**	**(9)%**

The Group's media investments includes a 35.3 per cent shareholding (and convertible preference shares) in Seven West Media and a 25 per cent interest in Consolidated Media Holdings which was sold during the first half of the 2013 financial year.

The Group realised $491 million in proceeds and a $50 million gain on the sale of its stake in Consolidated Media Holdings, which has been treated as a significant item and is excluded from underlying profit.

These investments delivered a $105.8 million segment EBIT contribution to the Group, down 9 per cent on the previous financial year reflecting a difficult overall advertising market and the sale of Consolidated Media Holdings during the year.

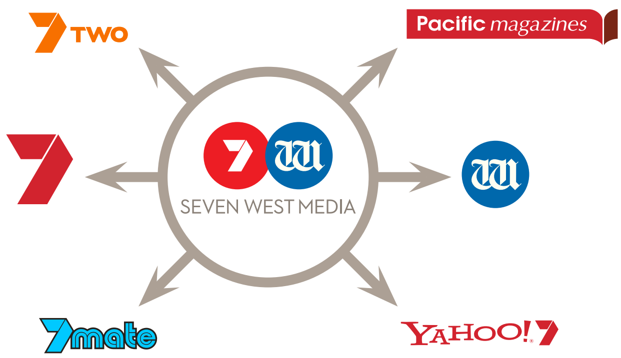
On a statutory basis, the Group has recognised a $77.9 million reversal of impairment on its investment in Seven West Media based on the listed share price of Seven West Media at 30 June 2013.

The Group equity accounts its share of results from Seven West Media and Consolidated Media Holdings (until disposal).

Seven West Media

Revenue ($m)	Jun-13	Jun-12	Change %
Television	1,267.8	1,262.4	0.4%
Newspapers	303.1	348.4	(13.0)%
Magazines	256.2	287.2	(10.8)%
Other	54.9	59.4	(7.8)%
Total	**1,882.0**	**1,957.4**	**(3.9)%**

Seven West Media Limited (SWM) is the leading listed national multi-platform media business based in Australia. SWM comprises Seven Network, the leading free to air capital city television network; Pacific Magazines, the country's second largest magazine group by readership; Yahoo!7, one of the nation's most successful internet platforms, as well as Western Australia's leading newspaper, The West Australian, and associated WA regional newspapers and radio stations.



Seven West Media Limited reported profit before significant items, net finance costs and tax (EBIT) of $422.0 million for the 2013 financial year – down 10.9 per cent on the previous financial year.

Profit before significant items, net finance costs, tax, depreciation and amortisation (EBITDA) was $480.0 million – down 10.3 per cent on the 2012 financial year. The company reported a profit after income tax, excluding significant items net of tax, of $225.2 million on total revenues of $1,882.0 million. This is down 0.8 per cent on the previous financial year's after tax profit of $226.9 million, on a 3.9 per cent decline in revenues of $1,957.4 million in the 2012 financial year.

Home and Away - Seven Network

Seven West Media reported a statutory net loss of $69.8 million following the inclusion of significant items. Significant items of $294.9 million after tax includes impairment of the magazine businesses mastheads, licences and goodwill, the impairment of equity accounted investees, redundancy and restructure costs and other items. SGH has not recorded its share of Seven West Media's impairment as SGH has previously impaired its investment in Seven West Media.

Despite difficulties in the overall advertising market, Seven West Media delivered an overall EBITDA margin of 25.5 per cent reflecting the strong performances of the Company's media businesses.

Television

Seven West Media's television business, the Seven Network, continues to lead the market in television audiences and advertising revenues share, delivering growth in revenue in a declining overall market over the past twelve months. Seven delivered EBITDA of $320 million and EBIT of $290 million, down 3.6 per cent and 3.5 per cent respectively on the prior year. This result was delivered on revenue of $1,268 million, up 0.4 per cent on prior year. EBITDA margin of 25.2 per cent and EBIT margin of 22.9 per cent compared to prior year margins of 26.3 per cent and 23.8 per cent respectively.

Seven secured a market-leading 40.4 per cent share of the television advertising market across the 2013 financial year - the highest revenue share ever reported by a network not broadcasting an Olympic Games in an Olympic Games year and a record for Seven.

Newspapers

Seven West Media's newspaper business, The West Australian, is the best-performing newspaper business in Australia, delivering market-leading margins and continues to manage its newspaper business in a challenging environment.

The West Australian and regional newspapers delivered EBITDA of $107.5 million and EBIT of $86.6 million. This performance was delivered on revenues of $303.1 million, down 13.0 per cent on the prior year, reflecting the soft advertising market. EBITDA margin was 35.4 per cent and EBIT margin is 28.6 per cent.

Magazines

Pacific Magazines publishes two of the three biggest-selling weekly magazines and three of the top five highest-selling magazines in Australia. Pacific publishes many of the biggest brands in magazines in Australia: New Idea, Better Homes and Gardens, that's life!, marie claire, InStyle, Men's Health, Women's Health, Who and Girlfriend.

Pacific Magazines delivered a positive performance in a challenging market – with EBITDA of $36 million and EBIT of $29 million. This was on revenue of $256 million. EBITDA margin is 14.2 per cent (2012: 17.0 per cent) and EBIT margin is 11.4 per cent (2012: 13.9 per cent).

Revenue in the magazines division was impacted by weakness in the advertising market. Due to the sustained weakness in the magazine advertising market an impairment charge of $221 million was recorded in the financial year against the carrying value of magazines' goodwill, mastheads and licences. As detailed above SGH has not recorded its share of Seven West Media's impairment as SGH has previously impaired its investment in Seven West Media.

Yahoo!7

Yahoo!7 brings together the online assets of Yahoo! Inc including search and communications capabilities, a global internet network and the content creation and marketing strengths of Seven West Media. Engagement is strong with over 8 million Australians visiting Yahoo!7 each month. There were more than 90 million video streams over the year, and 3 million streamed episodes per month of Seven content on the PLUS 7 service.

Seven West Media Strategy and Outlook

Seven West Media is focused on strengthening its financial performance in a challenging market impacted by a decline in consumer confidence. The company is focused on continuing to invest in its creative content and drive home the market leadership of its media businesses. The company is also deeply focused on cost management and developing greater synergies across its businesses as it manages difficult trading conditions and puts in place the plans for the further development of Seven West Media across new digital platforms. Seven West Media has provided outlook for the advertising market over coming twelve months with television forecast to have low single digit growth, magazines rate of decline expected to lessen, and newspapers to remain on current trend.

Risk Factors Associated with SGH

The business activities of SGH are subject to various risks and there are many factors which may impact on the future performance and position of SGH. These risks are both specific to SGH and also relate to general commercial and economic risks. These risks may, either individually or in combination, affect the future operating and financial performance of SGH and the value of SGH shares.

Risk Management

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.

The Company maintains a Strategic Risk Assessment that 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.

Each of the material business risks highlighted below is monitored and managed by appropriate senior management within SGH who are delegated responsibility to manage or escalate issues to the SGH executive, Where appropriate external advisers are appointed to assist in managing the risk.

The material business risks are summarised below and should not be regarded as an exhaustive list of all risks that affect the business, furthermore the items have not been prioritised.

Material Business Risk

(1) INVESTMENT RISK

- Investment opportunities. The financial performance of SGH and the returns available to SGH shareholders will be affected by the recognition and availability of suitable investment opportunities in the future. Investment opportunities are subject to market conditions and other factors largely outside of the control of SGH. SGH's ability to divest its investments will also be subject to these factors.
- Minority investment risk. SGH holds minority interests in a number of listed companies including Seven West Media. Where SGH holds an investment and is limited in its ability to exert control over the investee entity, it may become subject to the operational control of other parties and the financial performance this may entail. Additionally, SGH will be exposed to the risks inherent in minority shareholdings and may not be able to achieve an easy or profitable exit from its investments. This could lead to a reduction in the financial performance of SGH. Listed equity markets fluctuate with time, which leads to the risk that the value of SGH's significant listed investment portfolio will also fluctuate.
- Investment portfolio. SGH has investments in a number of ASX listed, and unlisted, companies that it does not control. There is price, liquidity, and other risks associated with any investment in such companies, including the risk that distributions paid to security holders will be reduced, adversely impacting on the yield of the broader portfolio. The price of shares in SGH's portfolio may rise or fall due to numerous factors which may affect the market performance of SGH. These include changes in Australian and international stock markets and investor sentiment, domestic and world economic conditions and outlook, inflation rates, interest rates, employment, taxation and changes to government policy, legislation or regulation.

Risk Factors Associated with SGH

- Coates Hire Joint Venture risk. SGH is exposed to risks associated its investment in the Coates Hire Group. Each of Carlyle and SGH hold a ~45% economic interest in Coates Group Holdings Pty Limited. Under the co-investment arrangements with Carlyle, SGH (via its wholly owned subsidiary National Hire Limited) or Carlyle may seek to sell their investment in Coates Group Holdings Pty Limited in the future. These arrangements include:
  - pre-emptive, call option or purchase rights so that if either investor wants to sell its interest in Coates Group Holdings Pty Limited to a third party or list it on a stock exchange, it must first offer the interest to the other investor;
  - drag-along rights under which, subject to certain conditions, either investor can require the other investor to sell all of its interest in Coates Group Holdings Pty Limited to a third party on the same price and terms as the investor has obtained for its interest in Coates Group Holdings Pty Limited; and
  - tag-along rights under which, subject to certain conditions, an investor can insist on selling all of its interest in Coates Group Holdings Pty Limited to a third party buyer on the same terms and price as the other investor has negotiated.

  There is therefore a risk that SGH's interest in Coates Group Holdings Pty Limited and Coates Hire will increase or decrease and that this increase or decrease will not be within SGH's control. There is a risk that the transaction by which SGH's investment decreases or increases does not realise or attribute the same value as SGH attributes to that investment.

(2) FINANCIAL RISKS

- Interest rate, liquidity and bank default risk. SGH has substantial cash reserves on deposit with a number of major financial institutions. These reserves are invested in both cash call and term deposit accounts. Cash call accounts are immediately available to SGH but offer lower yields. Conversely, term deposits lock up SGH's cash reserves for a specified period of time but earn higher yields. The use of term deposits exposes SGH to liquidity risk and SGH may be unable to access its cash reserves to fund an immediately available investment opportunity if the reserves are invested for a specified period of time. SGH manages the proportion of its cash reserves held in each type of account, seeking to maximise the return on its cash and cash equivalents. The rate of return available to SGH is largely outside of its control and is a function of both the Reserve Bank of Australia's overnight cash rate and the spreads offered by deposit-taking institutions. SGH is exposed to risk that the interest rates offered for both cash call and term deposit accounts could materially fluctuate which may affect the financial and operating performance of the company. Additionally, SGH is exposed to the risk of default by one or all of the deposit-taking institutions with which SGH banks.
- Foreign exchange. WesTrac Group is exposed to foreign exchange risk with the purchase of equipment and inventory which is denominated in USD and also from the derivation of revenues from WesTrac Group China which is denominated in Renminbi and USD. As part of its pricing of equipment globally, Caterpillar generally resets pricing annually for heavy equipment which is denominated in USD. Movements in the pricing of equipment impacts WesTrac Group's cost of machines and may also affect the overall profit earned on the sale of equipment to customers which is denominated in either AUD, USD or both. Fluctuations in the AUD/USD, AUD/Renminbi and AUD/HK$ exchange rates could have an adverse impact on WesTrac Group's business, financial condition and results of operations which are reported in Australian dollars.
- WesTrac Group has a large diversified customer base and is not dependent on any single customer or group of customers. However, WesTrac Group's customers may default due to bankruptcy or other reasons. A customer's termination of, or default under, a contract with WesTrac Group, could result in a loss of expected revenues from the sale or rental of equipment and the provision of parts and maintenance, and additional expenses for WesTrac Group. Accordingly, the termination of, or default under, a contract by any of WesTrac Group's customers could have an adverse effect on WesTrac Group's business, financial condition and results of operations.
- Tax risk. The Company and its wholly owned subsidiaries may be subject to reviews by taxation authorities from time to time in the ordinary course of business. These reviews may result in the taxation authorities taking a different view on the tax treatment of particular transactions from that of the Company and its wholly owned subsidiaries, which could lead to additional tax liabilities. SGH proactively manages this risk through the use of taxation advisors and working closely with taxation authorities.

Risk Factors Associated with SGH

(3) OPERATIONAL RISKS

- Dependence on Caterpillar. WesTrac Group is dependent on Caterpillar to maintain its authorisation as the authorised dealer of Caterpillar equipment and parts in its Western Australia, New South Wales/ACT and North Eastern China Service Territories. WesTrac Group's predecessor companies have been associated with Caterpillar since 1925 and WesTrac's association with Caterpillar has been since 1990. 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 agreements with Caterpillar can be terminated by either party upon 90 days' notice at any time. The dealer agreements also contain provisions for automatic or accelerated termination in certain circumstances, such as material breach, insolvency events, and changes in control without Caterpillar consent, and are not exclusive. The Caterpillar dealer agreements are not, however, subject to periodic renewal requirements and are perpetual in nature (subject to the termination right noted above). In the event Caterpillar terminates or appoints another dealer or deals directly in the territories in which WesTrac Group operates, it would have a material adverse effect on WesTrac Group's business, financial condition and results of operations. WesTrac Group is 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. In the event that Caterpillar is unable to supply its products in the quantities and timeframes required by WesTrac Group's customers, it may have a material adverse effect on WesTrac Group's business, financial condition and results of operations. WesTrac is also dependent on Caterpillar to maintain product development and innovation to ensure that it has a quality product offering for its customers.
- Decline in demand from mining or construction industries. WesTrac Group's customer base consists primarily of companies in the mining and civil construction industries. Demand for WesTrac Group's products and services in these industries is driven by the volume of earth and material moved. This is in turn driven by demand for commodities, stripping ratios in mining, demand for construction materials and the number and scale of infrastructure projects. If these are negatively impacted, WesTrac Group's business, financial condition and results of operations could be materially adversely affected.
- Increased competition from other equipment suppliers. WesTrac Group operates in a competitive environment in each of its business sectors. Many of its competitors are well established companies. WesTrac Group's range and quality of products and services, its ability to meet sophisticated customer requirements and its extensive dealer network enhance its competitive position. However, during periods of low demand, price competition can increase and this may have a material adverse effect on WesTrac's business, financial condition and results of operations.
- Customer contracts. WesTrac's alliance agreements for equipment supply exist with select customers only. However, where they exist they are underpinned by global customer alliances with Caterpillar. The routine supply agreements which make up the majority of WesTrac Group's customer contracts relate to specific pieces of equipment and are therefore short to medium term in nature. The maintenance and repair agreements are medium to long term in duration but, whilst material in value, are fewer in number. As there are very few contracts tying customers to WesTrac for terms in excess of five years, although viewed as unlikely, an event such as a strong competitor entering the market or Caterpillar authorising another dealer in the service territories in which WesTrac Group operates, WesTrac Group's territories service business, financial condition and results of operations could be materially adversely affected.
- Variation in pricing. Generally, Caterpillar resets pricing annually for equipment and reviews its parts pricing twice a year, with any Caterpillar parts pricing changes implemented in January and July. Usually, at least two months' notice is given of equipment pricing changes. WesTrac may have committed to sell equipment to a customer at a certain price when the new Caterpillar prices are issued. WesTrac manages this risk through flexibility in the terms and conditions of sale and Caterpillar usually offers price protection policies to mitigate this risk.

Risk Factors Associated with SGH

- China operating risks. WesTrac's operations in China were established in 2001. WesTrac Group's operations in China and its ability to grow the business are exposed to a variety of risks which could have a material adverse impact on the business, financial condition and results of operations of WesTrac Group. These risks include, but are not limited to, changes in political, regulatory, competitive or economic conditions, changes to trade protection measures and the institution of price controls, economic downturns, nationalisation of assets, terrorism, civil disturbances or political instability, new or differing labour standards and changes in tax laws. An adverse change in the prevailing political attitude to foreign multinationals operating in China may have a material adverse effect on WesTrac China's business. WesTrac Group's financial performance is leveraged to the level of economic activity in China. There is a risk that increased competition may reduce WesTrac Group's market share as Caterpillar is still an emerging brand in the region with local brands collectively having a strong presence.
- Variability of timing of revenues. The timing of equipment sales and rentals associated with certain projects cannot be predicted with certainty by WesTrac Group as customers may decide to cancel or delay the purchase or rental of equipment. As orders of equipment and parts need to be made from Caterpillar, WesTrac Group could be left with a large inventory. If WesTrac Group is not able to substitute a terminated or delayed contract with another contract, this is likely to have an adverse impact on WesTrac Group's business, financial condition and results of operations.
- Warranty claims and maintenance contracts. WesTrac Group provides warranties for most of the equipment and parts it sells, typically for a period of 12 months and six months following sale, respectively. WesTrac Group's liability is generally limited to the service component of the warranty claim, while the manufacturer is responsible for providing the required components and parts. WesTrac Group is also obliged to service Caterpillar equipment in the service territories in which it operates regardless of who originally sold the equipment, for which it receives a service fee from the selling dealer. The occurrence of one or more material warranty claims on equipment and part sales may have an adverse impact on the business, financial condition and results of operations of WesTrac Group. WesTrac Group also enters into maintenance and service contracts under which it maintains equipment for its customers. The length of these contracts varies generally from two to five years and the contracts are typically fixed price with provisions for pricing adjustments. Due to the length of these contracts, there is a risk that maintenance costs may exceed contract revenue, thereby resulting in a loss on the contract. In certain circumstances, the manufacturer shares in the cost overruns if profitability falls below a certain threshold. Cost overruns on maintenance and service contracts may have an adverse impact on the business, financial condition and results of operations of WesTrac Group.
- The Australian advertising market risk. SGH is exposed to the Australian media industry primarily through its investment in Seven West Media. The demand for advertising and the price at which advertising can be sold by is dictated by the overall demand for advertising. Since businesses generally reduce or relocate their advertising budgets during economic recessions or downturns, the strong reliance upon advertising revenue by Seven West Media, makes their operating results susceptible to prevailing economic conditions. There can be no assurance that advertising spend in the media industries in Australia will not contract in the future. Any contraction in advertising spend in Australia could have a material adverse effect on the value of SGH's investment in Seven West Media.
- Restructuring risk. The Group is currently undertaking a number of restructuring initiatives in response to challenging market conditions being faced by its operating businesses. There is execution risk associated with the implementation of these initiatives, which could result in adverse impacts on the businesses.

Board of Directors

Kerry Matthew Stokes AC

Executive Chairman of Seven Group Holdings Limited since April 2010.

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

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

Chairman of Seven Media Group Pty Limited since December 2006.

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

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

Peter David Ritchie AO

Deputy Chairman of Seven Group Holdings Limited since April 2010.

Deputy Chairman of Seven Network Limited since August 1991.

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

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

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

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

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

Officer in the General Division of the Order of Australia.

Donald Rudolph Voelte AO

Mr Voelte was appointed Managing Director & Chief Executive Officer of Seven Group Holdings Limited with effect from 1 July 2013. He is also the Chairman of Nexus Energy and Coates Group Holdings Pty Limited.

Mr Voelte was appointed Deputy Chairman of Seven West Media Limited with effect from 1 July 2013.

Mr Voelte held the position of Managing Director & Chief Executive Officer of Seven West Media Limited from 26 June 2012 to 30 June 2013. Mr Voelte has been a director of Seven West Media Limited, and prior to the formation of Seven West Media Limited, West Australian Newspapers Holdings Limited since December 2008.

Mr Voelte has significant experience in the global oil and gas industry and, prior to his retirement in June 2011, was the Managing Director & Chief Executive Officer of Woodside Petroleum Limited, a position he had held since joining the company in 2004.

Prior to joining Woodside Petroleum Limited, Mr Voelte held a number of Senior Executive positions in the oil and gas sector. Mr Voelte was a member of the Board of the University of Western Australia Business School during his Woodside tenure, and is a member of the Society of Petroleum Engineers, the American Society of Civil Engineers, the Chi Epsilon Honor Society, a Foreign Fellow to ATSE (FTSE) and a Fellow of the Australian Institute of Company Directors (AICD).

He is a trustee of the University of Nebraska Foundation and was awarded the University of Nebraska Engineering Alumni of Year in 2002. The University of Nebraska recently named their Nanotechnology & Metrology Research Centre for Mr Voelte and his wife Nancy. He has a degree in Civil Engineering, from the University of Nebraska.

Mr Voelte was awarded the Officer of the Order of Australia (AO) in 2012, for service to the Australian LNG industry and contribution to education and the arts in Perth.

Mr Voelte was appointed to the Board on 1 July 2013.

David John Leckie

Director of Seven Group Holdings Limited since April 2010. Executive Director, Media for Seven Group Holdings Limited since June 2012.

Group Chief Executive Officer and Managing Director, Seven West Media Limited from 16 May 2011 to 30 June 2012.

Director of Seven Network Limited since April 2003 and the Network's Chief Executive Officer, Broadcast Television until 9 December 2011.

Chief Executive Officer of the Seven Media Group from December 2006 to 26 June 2012. 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 15 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.

Board of Directors

Christopher John Mackay

Director of Seven Group Holdings Limited since June 2010.

Chairman 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 from 8 March 2006 until 19 November 2012, when the company was taken over by News Corporation.

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

Bruce Ian McWilliam

Director of Seven Group Holdings Limited since April 2010.

Director of Seven Network Limited since September 2003.

Appointed Commercial Director for Seven Network Limited in May 2003.

Director of Seven Media Group Pty Limited since December 2006.

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

Director of Australian News Channel Pty Limited.

Alternate Director of Seven West Media Limited since 4 November 2008.

Honorary Fellow of the University of Sydney.

Chairman, Sydney University Law School Advisory Committee.

Council Member, St Pauls College, University of Sydney.

Honorary Governor – The Thalidomide Foundation Limited.

Ryan Kerry Stokes

Mr Ryan Stokes is Chief Operating Officer of Seven Group Holdings Limited and Chief Executive Officer of Australian Capital Equity Pty Limited (ACE). Mr Stokes was appointed an Executive Director of ACE in 2001 and CEO in April 2010. ACE is a private company with it's primary investment being an interest in Seven Group Holdings (SGH). He has been an Executive Director of Seven Group Holdings Limited since February 2010, and was appointed Chief Operating Officer in 2012.

Mr Stokes is also a Director of Seven West Media, Iron Ore Holdings Limited (IOH) and WesTrac Pty Limited and has extensive experience in China, having developed relationships with various mining and media companies over the past 13 years. Mr Stokes was Executive Director then Chairman of Pacific Magazines from 2004 until 2008 and previously a Director of Yahoo!7 from inception in 2006 until 2013.

Between 10 September 2009 and 19 November 2012, Mr Stokes was a Director of Consolidated Media Holdings Limited. Chairman of SGH Communications Pty Limited (formerly Engin Limited, which was delisted on 8 August 2011); appointed a Director on 31 October 2006.

Mr Stokes is Chairman of the National Library of Australia, a position he has held since July 2012 and is a Director of the Australian Strategic Policy Institute.

Mr Stokes is the former Chair of Australia's National Youth Mental Health Foundation (Headspace), a Federal Government initiative established in 2006. Mr Stokes was also a former member of the International Olympic Committee's Radio and Television Commission.

Mr Stokes holds a BComm from Curtin University and is a Fellow of the Australian Institute of Management (FAIM).

Richard Anders Uechtritz

Director of Seven Group Holdings Limited since June 2010.

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

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

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

Over 30 years experience in retailing.

Co-founder of Rabbit Photo and Smith's Kodak Express.

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

Professor Murray Charles Wells

Director of Seven Group Holdings Limited since April 2010.

Director of Seven Network Limited since July 1995.

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

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

Life Member, American Accounting Association; inducted into the Australian Accounting Hall of Fame, 2012.

Company Secretary Warren Walter Coatsworth

Company Secretary of Seven Group Holdings Limited since April 2010.

Company Secretary of Seven West Media Limited since April 2013.

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 13 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 Fellow and member of Chartered Secretaries Australia.

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

Board responsibilities

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.

Delegation to management

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.

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.

Senior management team

The management of the Company during the financial year comprised the Group Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and a small finance and administration team as well as several Seven West Media Limited executives, for whom a portion of their salary cost was charged to the Company for management services provided.

During the financial year the Board considered succession planning in relation to the position of Chief Executive Officer. On 30 May 2013 the Company announced to ASX that Mr Don Voelte AO would become Managing Director & Chief Executive Officer of the Company on 1 July 2013, the date of Mr Voelte's appointment as a Director. Prior to his appointment, Mr Voelte held the position of Managing Director & Chief Executive Officer of Seven West Media Limited from 26 June 2012 to 30 June 2013. The Board considers it appropriate that Mr Voelte 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.

Until his retirement on 23 August 2013, the Chief Executive Officer, WesTrac Group, was Mr James Walker who was responsible for the Caterpillar dealership operations in New South Wales, Western Australia, the Australian Capital Territory and regions of North East China. Mr Walker reported to the Board on the performance and operations of the WesTrac Group. A succession process is underway in relation to this role.

The Chief Operating Officer of the Company is Mr Ryan Stokes, who was appointed to this role on 28 August 2012. Mr Stokes works closely with the Group Chief Executive Officer and reports to the Board on the performance, management and operations of the Group as well as matters relating to process, governance and optimisation of the businesses of the Group.

Assessment of management performance

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 Remuneration Report sets out further details of the performance criteria against which the Group Chief Executive Officer's performance-linked remuneration is assessed.

The performance of senior executives of the Company is reviewed on an annual basis in a formal and documented interview process with either the Group Chief Executive Officer or the particular executive's immediate superior, which evaluates performance against agreed performance goals and assessment criteria in relation to the senior executive's duties and material areas of responsibility, including management of relevant business units within budget, motivation and development of staff, and achievement of and contribution to the Company's objectives. A performance evaluation of senior executives has taken place during the year in accordance with this process.

For further information about performance management of senior executives and staff, please see the discussion set out under "Principle 8 – Remunerate Fairly and Responsibly".

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

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Board composition and independence

As at the date of this statement, the Board comprises eleven (11) Directors as follows.

The Non-Independent Directors in office are:

- Mr Kerry Stokes AC — Executive Chairman
- Mr Donald Voelte AO — Managing Director & Chief Executive Officer (from 1 July 2013)
- Mr David Leckie — Executive Director, Media
- Mr Bruce McWilliam — Commercial Director
- Mr Ryan Stokes — Chief Operating Officer

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

Mr Peter Gammell served as a Director and the Group Chief Executive Officer until 28 June 2013. Mr Robin Waters served as an Alternate Director to Mr Peter Gammell until 28 June 2013. Mr James Walker served as a Director and Chief Executive Officer, WesTrac until 23 August 2013. Each of Messrs Gammell, Walker and Waters were Non-Independent Directors.

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

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

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

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

The Board has determined that a material relationship is to be determined on the basis of fees paid or monies received or paid to either a Director or a Director-related entity, which may impact the Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") of the Group 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.

Throughout the financial year and until 23 August 2013 when Mr James Walker resigned as a Director, the Board comprised 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, despite the Board not comprising a majority of Independent Directors during the period until 23 August 2013, they were able to objectively analyse the issues before them in the best interests of all shareholders and in accordance with their duties as Directors. Since Mr Walker's resignation, the Board has comprised a majority of Independent Directors, with five Non-Independent Directors and six Independent Directors.

The Independent Directors (identified above) are members of the Independent & Related Party Committee which has Mr Terry Davis as its Chairman. The Committee provides a forum for the review of material transactions between the Company and its related parties, including transactions with Australian Capital Equity Pty Limited and interests associated with Mr Kerry Stokes AC. Review of related party transactions by the Committee occurs without management or Non-Independent Directors present. The Committee meets at least twice during the year, and the Committee otherwise holds discussions and receives management reports concerning related party transactions as necessary. As such, the Committee provides an opportunity for the Independent Directors to meet regularly without management or Non-Independent Directors present.

Mr Kerry Stokes AC is Executive Chairman of the Board of the Company. The Board acknowledges the ASX Recommendation that the Chairman be an Independent Director, however the Board views as an advantage the Chairman's history of leadership across the businesses and investments comprising the Group, including in the areas of heavy equipment management and services, property and television management and related media investments, as well as Mr Stokes' grasp of new technologies driving television production and transmission, not to mention his clear incentive to maximise the interests of the Group. 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.

Each Director brings a range of personal and professional experiences and expertise to the Board. The Board seeks to achieve an appropriate mix of skills and diversity, including a deep understanding in the areas of corporate management, operational, safety and financial matters and the media, industrial services and investments industries in which the Group operates. Directors devote significant time and resources to the discharge of their duties.

The Board has established a Remuneration & Nomination Committee, further details of which are set out in this Corporate Governance Statement under the heading 'Principle 8 – Remunerate fairly and responsibly'. The Remuneration & Nomination Charter is available on the Company's website.

Board appointments

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; and
- diversity of members of the Board.

Again, in considering any new Board appointments, the Board is seeking to achieve an appropriate mix of skills and diversity, including a deep understanding in the areas of corporate management, operational, safety and financial matters and the media, industrial services and investments industries in which the Group operates. 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 election.

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.

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.

During the year, the appointment of Mr Don Voelte AO to the Board was considered and approved by the full Board. In making the appointment, the Board considered Mr Voelte's significant experience and expertise as a Chief Executive Officer of publicly listed companies, including his long-term tenure working in the global oil and gas industry as Chief Executive Officer of Woodside Petroleum Limited, as well Mr Voelte's contribution to Seven West Media Limited as its Chief Executive Officer, including with regard to reviewing its cost structures and strategic direction and developing its senior executive team. The Board believes that Mr Voelte's understanding of both industrial services and media businesses is relevant to and appropriate for the operations and investments of the Group.

Effective functioning of the Board

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

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 Group's business activities, industry and regulatory developments.

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

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

Performance evaluation

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. For the purposes of his own performance evaluation, the Chairman meets with the non-executive Deputy Chairman and a senior independent Director.

During the reporting period, performance evaluations of the Board, its Committees and individual directors were carried out in accordance with this process. In addition, a review and evaluation of the Group's reporting to the Board and its Committees as well as their performance was commissioned, with the assistance of an external consultant, to ensure the Group's governance and management processes remain appropriate for the Group. As a consequence of the review, the WesTrac Australia and WesTrac China management Committees were reconstituted and revised Delegated Authority processes implemented within the WesTrac Group to enhance the Company's reporting and management procedures.

The Directors' Report sets out the number of Committee and Board meetings under the heading "Directors' Meetings", including meetings of the Audit & Risk Committee, Remuneration & Nomination Committee and Independent & Related Party Committee, as well as the attendance of Directors at those meetings.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Ethical standards

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

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

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

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

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

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

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

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

Diversity

The Company has an established Diversity Policy which is posted on the Company's website. Under the policy the Company recognises the benefits of an inclusive and respectful workplace culture that draws on the experiences and perspectives of all Directors and employees, having regard to diversity factors, including but not limited to gender, age and cultural background.

As set out in the Diversity Policy, the Board is committed to:

- flexible work practices – developing, on a case by case basis, flexible work practices that assist employees to balance work with family, carer or other responsibilities;
- career development and performance – ensuring that decisions regarding employment and remuneration are based on merit, ability, performance and potential and are made in a transparent and fair manner; and
- equal employment opportunities – upholding the Company's obligations in regard to equal opportunity through training and workplace awareness.

The Board is also committed to regularly establishing, reviewing and assessing achievement of the work practices objectives above in relation to gender diversity. The Board will continue to review the appropriateness of its diversity objectives.

Company progress on diversity objectives in 2013

Flexible work practices

In the Board's view, the Company has achieved the objective of offering flexible working arrangements and setting out clear expectations of behaviours for employees that foster an inclusive and supportive organisational culture. The Company will continue to monitor performance against this objective to ensure expectations are clear and cultural outcomes attained.

Career development and performance

The Company's commitment and progress towards achieving this objective includes establishing processes to determine fair and equitable benchmarked remuneration, commensurate with the employee's experience and performance in the position they hold, regardless of age, gender or cultural background.

Equal employment opportunities

The Company strives to maintain a significant level of female participation throughout the organisation and endeavours to attract female employees at all levels. We are pleased to report an increased intake of women into our apprenticeship programmes, both an area of clear need for the Company and a national occupational category in which women have traditionally been under represented.

Group progress on diversity objectives in 2013

As an entity holding investments in companies operating across a range of industries, the Company supports the diversity initiatives of those companies in which it holds investments.

Our subsidiaries have set individual gender diversity targets consistent with regulatory requirements. The Company has a long-term goal of assisting subsidiaries to understand their role in group-wide female participation and to assist in the development of measurable objectives for achieving gender diversity where appropriate.

The Company will undertake an annual review of its Diversity Policy to assess the effectiveness of the Policy and to incorporate any developments concerning the Company's practices and commitments in regards to workplace diversity.

The proportion of women employed within the Group is as follows:

Level	Number of Women	Proportion of Women
Board	1 of 11	9%
Senior executives*	6 of 80	8%
Whole of organisation	761 of 5,708	13%

* Senior executives include Executive Directors of Seven Group Holdings Limited and its subsidiaries, as well as other members of the Executive leadership team and, where appropriate, direct reports to the Executive leadership team. Following a review of the Senior executive level classification, four senior female staff members included in the proportion of women employed as Senior executives last year have not been included within that level in this year's report. Executive Directors have been included in both the Board and the senior executive categories. The Board and senior executives are included in the Whole of Organisation category. For the purpose of this section of the report employee numbers and statistics have been calculated based on employees who were paid in the final pay periods of June 2013.

Additionally, the Company has posted its Workplace Gender Equality Act Public Report for 2012–2013 on its website.

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; and
- the examination of any other matters referred to it by the Board.

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). If a new auditor is to be appointed, the selection process involves a formal tender and evaluation of the tenders by the Audit & Risk Committee. The Chair of the Committee leads the process, in consultation with the Chief Financial Officer.

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

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

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Company complies with the disclosure obligations of the ASX Listing Rules.

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 disclosure requirements, including periodic and continuous disclosure issues. The Company Secretary also has responsibility for ensuring internal compliance with those ASX Listing Rules and the oversight of information released to the ASX and shareholders.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

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

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

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

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

The Board requires management to design and implement a risk management and internal control system to manage the entity's material business risks and report to it on the management of those risks. During the reporting period, management reported to the Board as to the effectiveness of the Company's management of its material business risks.

For a number of years the Company has maintained a Strategic Risk Assessment, commissioned by the Audit & Risk Committee and facilitated by an external consultant. The Strategic Risk Assessment identifies, assesses, ranks and updates the main strategic risks, including material business risks, facing the Company in respect of which management formulates and records the internal risk controls implemented for those risks. The Strategic Risk Assessment process includes separate risk assessments facilitated by an external consultant with key management of each of the Seven Group Holdings and WesTrac Group. The risks of the Group's businesses and investments were then considered on a consolidated basis to produce a Group risk profile of which the key categories of risk are financial and investment risks.

During the financial year the Company built upon the Strategic Risk Assessment, by commissioning both broad process and procedure reviews as well as targeted Internal Audit reviews conducted by an external audit firm in conjunction with management. As a consequence of the Internal Audit reviews, an ambitious program of action items aimed at improving the Company's processes and the performance of its businesses were agreed with and implemented by management and reported to, scrutinised and monitored by, the Audit & Risk Committee.

During Committee meetings throughout the year, the Audit & Risk Committee also received risk briefings from external auditors and management concerning the Group's key business operations. WesTrac provides regular reporting on workplace safety practices and management within the WesTrac Group.

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

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

Pursuant to section 295A of the Corporations Act, the Chief Executive Officer and the Chief Financial Officer must confirm in writing to the Board that the financial records of the Company for the financial year have been properly maintained, the Financial Statements are prepared in accordance with relevant accounting standards, and the Financial Statements and notes present a true and fair view. These statements also confirm that the integrity of the Financial Statements and notes, and of the financial reporting system, are founded on a sound system of risk management and internal compliance and control systems which is operating effectively in all material respects in relation to financial reporting risks. The risk assessment framework described above, including the Internal Audit function, is an integral part of the process underlying these statements.

The required statements from the Chief Executive Officer and Chief Financial Officer have been given for the financial year ended 30 June 2013.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration & Nomination Committee

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.

To assist it in achieving this objective, the Board has established a Remuneration & Nomination Committee comprising Mr Peter Ritchie AO as its Chairman, Mrs Dulcie Boling, Mr Terry Davis and Mr Richard Uechtritz. The Remuneration & Nomination Committee Charter posted on the Company's website sets out the role and responsibilities of the Committee. The terms of the Committee's charter in respect of its Remuneration function are summarised below and in the Directors' Report. The primary responsibilities of the Committee are, as required:

- to review and advise the Board on Directors' fees and the remuneration packages, including equity incentive grants, of the Managing Director and Chief Executive Officer, Chief Executives and senior executives of the Group subsidiaries;
- to provide advice and support and serve as a sounding-board for the Managing Director and Chief Executive Officer and Board in human resource and remuneration-related matters; and
- to advise on succession planning and employee development policies.

Remuneration of Non-Executive Directors

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. Currently, Non-Executive Directors' remuneration in aggregate must not exceed $2 million per annum. Non-Executive Directors receive base fees and fees for chairing or serving on Board Committees. In contrast to Executive Directors and senior executives, Non-Executive Directors do not receive performance linked payments, although they may receive additional payments at the discretion of the Board where appropriate in relation to special services that they perform for the Company. Fees for Non-Executive Directors are set out in the Remuneration Report. No retirement benefits apply in respect of Seven Group Holdings Limited Non-Executive directorships other than superannuation contributions. Three Non-Executive Director Retirement Deeds remain current in respect of Seven Network Limited. The benefits payable upon retirement under the Deeds were frozen on 1 August 2003 and from that date, retirement benefits were not offered to any newly appointed Non-Executive Directors of Seven Network Limited.

Remuneration of Executive Directors and senior executives

The objective of the remuneration process for Executive Directors and senior executives 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 Managing Director & 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 is 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, performance share rights and share appreciation rights 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 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.

WesTrac largely determines performance linked incentives for senior employees and executives of the WesTrac Group within a budget approved by the Board and reported to the Remuneration Committee. Remuneration matters relating to WesTrac are brought to the Remuneration & Nomination Committee or Board as appropriate.

The Remuneration & Nomination Committee met after the end of the financial year to review and recommend to the Board any performance linked remuneration for the Managing Director & Chief Executive Officer during the financial year as well as for senior Company executives. This process and the outcomes are summarised in the Remuneration Report.

During the financial year the employment arrangements of the Chief Executive Officer & Managing Director, Mr Don Voelte AO, were considered in full Board meeting and then entered into with Mr Voelte following the end of the financial year. The Board considered that the employment and remuneration arrangements for the Chief Executive Officer are reasonable for the Company to offer in the circumstances of the Company and having regard to the duties and responsibilities of the Chief Executive Officer. The key terms of Mr Voelte's employment arrangements as Chief Executive Officer & Managing Director were announced to ASX on 1 July 2013. Further information concerning Mr Voelte's employment and remuneration arrangements is set out in Remuneration Report.

Hedging Policy

The Company's Group Directors Share Trading Policy, and the Executive and Staff Share Trading Policy, prohibits employees (including Key Management Personnel) from dealing in Seven Group Holdings Limited shares, if the dealing is prohibited under the Corporations Act. Therefore, in accordance with this policy, all KMP are prohibited from entering into arrangements in connection with Seven Group Holding Limited shares which operate to limit the executives' economic risk under any equity-based incentive schemes. The ability to deal with unvested rights is restricted in the ESOP (and LTI plan) rules which applies to the options over shares in the Company which have been granted. The Company will continue to monitor the appropriateness of this approach.

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

Directors' Report

Year ended 30 June 2013

Your Directors present their report on the Group consisting of Seven Group Holdings Limited and the entities it controlled at the end of, or during, the year ended 30 June 2013.

Board

The following persons were Board members of Seven Group Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Kerry Matthew Stokes AC (Executive Chairman)
Peter David Ritchie AO (Deputy Chairman)
Donald Rudolph Voelte AO (Managing Director & Chief Executive Officer from 1 July 2013)
Peter Joshua Thomas Gammell (Group Chief Executive Officer resigned 28 June 2013)
David John Leckie (Executive Director, Media)
James Allan Walker (Chief Executive Officer, WesTrac Group resigned 23 August 2013)
Elizabeth Dulcie Boling
Terry James Davis
Christopher John Mackay
Bruce Ian McWilliam
Ryan Kerry Stokes (Chief Operating Officer)
Richard Anders Uechtritz
Professor Murray Charles Wells
Robin Frederick Waters (Alternate Director for Mr PJT Gammell resigned 28 June 2013)

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

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

Principal Activities

The principal activities of the Group during the financial year were those of a diversified operating and investment group; with interests in heavy equipment sales and service and equipment hire and media and broadcasting. There were no significant changes in the nature of the Group's principal activities during the financial year.

Operations, Financial Position, Business Strategies and Future Prospects

Information on the Group's operations, financial position, business strategies and prospects for future financial years have been included in the "Operating and Financial Review" on pages 4 to 23.

Significant Changes in the State of Affairs

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

- Having concluded the strategic review of the ownership of Coates Hire Limited on 20 June 2013, the Company and The Carlyle Group announced their decision to retain the current ownership structure.
- On 28 June 2013, WesTrac, a division of the Company, announced plans to implement an organisation restructure across its NSW and ACT operations, as a result of challenging market conditions. Approximately 350 redundancies across these operations were anticipated.
- Mr Peter Gammell resigned as Group Chief Executive Officer of the Company with effect from 28 June 2013. Mr Robin Waters resigned as Alternate Director for Mr Gammell on 28 June 2013.

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

Matters Subsequent to the End of the Financial Year

Mr Don Voelte AO was appointed Managing Director & Chief Executive Officer of the Company with effect from 1 July 2013.

Mr James Walker resigned as Chief Executive Officer, WesTrac Group on 23 August 2013.

Except for the above, there are no other matters or circumstances which have arisen since 30 June 2013 that have significantly affected or may significantly affect:

a) the Group's operations in future financial years; or
b) the results of those operations in future financial years; or
c) the Group's state of affairs in future financial years.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2013, and the number of those meetings attended by each Director, were:

Director	BOARD		AUDIT & RISK		REMUNERATION & NOMINATION		INDEPENDENT & RELATED PARTY	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
KM Stokes AC	10	10	–	–	1	1	–	–
PD Ritchie AO	10	10	6	5	1	1	3	3
DR Voelte AO*	–	–	–	–	–	–	–	–
PJT Gammell^	10	10	6	6	1	1	–	–
DJ Leckie+	7	6	–	–	–	–	–	–
JA Walker	10	9	–	–	–	–	1	1
ED Boling	10	10	–	–	1	1	3	3
TJ Davis	10	10	–	–	1	1	3	3
CJ Mackay	10	10	6	5	–	–	3	3
BI McWilliam	10	9	6	6	–	–	2	2
RK Stokes	10	10	6	6	–	–	–	–
MC Wells	10	10	6	6	–	–	3	3
RA Uechtritz	10	10	–	–	1	1	3	2
Alternate Director								
RF Waters#	–	–	–	–	–	–	–	–

(a) The number of meetings held reflects the number of meetings held while the Director concerned held office during the year.

(b) The number of meetings attended. Please note Directors may attend meetings of Committees of which they are not a formal member, and in these instances, their attendance is also included in the above. A Director may also have been absent from a meeting, or part thereof, if there was a conflict of interest.

* Appointed a Director 1 July 2013.

^ Resigned as a Director 28 June 2013.

Resigned as an Alternate Director 28 June 2013.

\+ Leave of absence granted.

Dividends – Ordinary Shares

Since the start of the financial year, a final fully franked dividend for the 2012 financial period of 20.0 cents per share, amounting to $61,482,000, was paid on 12 October 2012.

Since the start of the financial year, an interim fully franked dividend for the 2013 financial year of 20.0 cents per share, amounting to $61,632,000, was paid on 12 April 2013.

A final fully franked dividend for the 2013 financial year of 20.0 cents per share of $61,632,000 will be paid on 11 October 2013, based on the number of issued shares at the date of this report.

Dividends – TELYS4

Since the start of the financial year, a fully franked dividend of $2.8100 per TELYS4 based on 4,963,640 TELYS4 on issue, amounting to $13,948,000 was paid on 30 November 2012.

A further fully franked dividend of $2.7853 per TELYS4 based on 4,963,640 TELYS4 on issue, amounting to $13,825,000 was paid on 31 May 2013.

Environmental Disclosure

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

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

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

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

Directors' Interests in Shares

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

Directors' holdings of Seven Group Holdings Limited shares as at 13 September 2013

	Ordinary Shares	Options over Ordinary Shares	TELYS4
KM Stokes AC	207,304,349	Nil	Nil
PD Ritchie AO	46,072	Nil	Nil
DR Voelte AO	20,000	Nil	Nil
DJ Leckie	66,908	3,000,000	Nil
ED Boling	Nil	Nil	Nil
TJ Davis	Nil	Nil	5,500
CJ Mackay	Nil	Nil	Nil
BI McWilliam	287,152	500,000	Nil
RK Stokes	115,780	Nil	Nil
MC Wells	4,000	Nil	710
RA Uechtritz	426,476	Nil	2,400

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.

Options granted under the Employee Share Option Plan entitle the holder to one fully paid ordinary share at the exercise price. All options expire on the earlier of their expiry date or 180 days following the termination of the holder's employment. In addition, the ability to exercise options is conditional on the achievement of Total Shareholder Return hurdles. Further details are included in the Remuneration Report.

During the financial year and up to the date of this report, the following options were exercised and an equivalent number of fully paid ordinary shares in the Company were issued:

- 250,000 options with an exercise price of $9.00; and
- 500,000 options with an exercise price of $8.00.

No options were granted or lapsed during or since the end of the year.

Unissued Shares under Options

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

Options on Issue	Exercise Price	Expiry Date
1,500,000	$7.00	30 June 2014
1,000,000	$8.00	30 June 2014
1,000,000	$9.00	30 June 2014
3,500,000		

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

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

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

Remuneration Report

Year ended 30 June 2013

Message from the Board

Dear Shareholders

Executive remuneration outcomes

In the 2013 financial year (FY13) Seven Group Holdings Limited increased revenue by 6% to a record $4,751.6 million and statutory reported basic earnings per share growth of 245% to $1.49 per share. On an underlying basis, excluding significant items, earnings per share increased 22% to $1.20.

The statutory Net Profit After Tax (NPAT) result of $488.6 million was positively impacted by the partial reversal of the prior year impairment on SGH's investment in Seven West Media Limited and the gain on sale of SGH's investment in Consolidated Media Holdings Limited and other investments during the period, offset by restructuring and redundancy costs.

As such, while the reported statutory result, which is the basis for measuring executive performance, was in line with the Group's original target of $485.2 million, the underlying performance fell short of Board expectations and, accordingly, executive variable remuneration outcomes in FY13 were modest and reflect the Board's commitment to maintaining the link between executive remuneration and Group performance.

Group Chief Executive Officer remuneration

The Group Chief Executive Officer (Group CEO) throughout the financial year, Mr Peter Gammell partially achieved his goals under the Short-Term Incentive plan. However, in light of the underlying financial performance of the Company, the Board exercised its discretion to not make a payment to the Group CEO under this plan.

As a result of the Company not meeting the FY13 financial targets and Mr Gammell leaving the Company on 28 June 2013, no award under the FY13 Long-Term Incentive plan will be made to the Group CEO. Further detail concerning the employment and remuneration arrangements of the incoming Managing Director and Chief Executive Officer (MD & CEO), Mr Don Voelte AO, is provided below.

Incoming Managing Director & Chief Executive Officer remuneration

We welcome Mr Don Voelte AO to the Company as Managing Director & Chief Executive Officer (MD & CEO). Mr Voelte was appointed to this position on 1 July 2013. Mr Voelte's remuneration structure was considered and approved by the Board and was announced to the ASX on 1 July 2013. Further details concerning Mr Voelte's employment and remuneration arrangements are set out in section 5.c. of the Remuneration Report.

Further executive remuneration details

Further details concerning executive remuneration arrangements and the performance-linked remuneration outcomes for FY13 are set out in this Remuneration Report.

Yours faithfully

Peter Ritchie AO
Chairman of the Remuneration & Nomination Committee

Contents

The Remuneration Report is set out under the following main headings:

1. Introduction

The Directors of Seven Group Holdings Limited (the Company) present the Remuneration Report for the year ended 30 June 2013 (FY13). The Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

The Remuneration Report details the remuneration arrangements for Key Management Personnel (KMP), which include Executive Directors, Non-Executive Directors and executives of Seven Group Holdings Limited.

The introduction of the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* (Cth) has removed the requirement to disclose remuneration for the five highest paid executives and limits disclosure to KMP only.

The Group's KMP for the year ended 30 June 2013 are listed in the table below.

Executive Directors	
Kerry Matthew Stokes AC	Executive Chairman
Peter Joshua Thomas Gammell	Group Chief Executive Officer (CEO) (resigned 28 June 2013)
David John Leckie	Executive Director, Media
James Allan Walker	Chief Executive Officer, WesTrac Group (resigned 23 August 2013)
Bruce Ian McWilliam	Commercial Director
Ryan Kerry Stokes	Chief Operating Officer
Non-Executive Directors	
Peter David Ritchie AO	Deputy Chairman
Elizabeth Dulcie Boling	Director
Terry James Davis	Director
Christopher John Mackay	Director
Richard Anders Uechtritz	Director
Murray Charles Wells	Director
Robin Frederick Waters	Alternate Director for PJT Gammell (appointment ended 28 June 2013 contemporaneously with the resignation of PJT Gammell)
Group executives[1]	
David Cooper[2]	Interim Company and Group Chief Financial Officer (from 1 March 2013)
Andrew Charles Harrison	Company and Group Chief Financial Officer (until 1 March 2013)

1. Due to the Executive Directors being responsible for the operating entities of the Group, the Group has a small additional team of Group executives.
2. Mr Cooper has been retained by the Company as Interim Group Chief Financial Officer through a company to company agreement between Seven Group Holdings Limited and consulting firm Deloitte, on an interim basis, while a search was conducted for a suitable replacement Group Chief Financial Officer. On 26 August 2013 it was announced that Mr Richard Richards had been appointed Chief Financial Officer and will commence with the Company in October 2013.

2. Remuneration governance

Role of the Remuneration & Nomination Committee

The role and responsibilities of the Remuneration & Nomination Committee are explained in detail in the Corporate Governance Statement. The key responsibilities of the Committee are summarised below and include the following:

- Make recommendations to the Board in relation to the remuneration of the Group CEO/MD & CEO and Non-Executive Directors, as necessary or requested by the Board.
- Review and make recommendations to the Board on all proposed offers to participate in, and all grants made pursuant to, the Company's equity plans and the overall functioning of the equity plans.
- Review and advise on senior management succession planning and employee development policies, as requested by the Board or the Group CEO/MD & CEO.

Engagement of remuneration advisers

The Remuneration & Nomination Committee obtains independent advice on the appropriateness of remuneration arrangements for the Company and Group KMP, as required. Advice is sought in relation to remuneration trends for comparative companies both locally and internationally. Any advice received by the Company is considered in light of the Company's remuneration policy and objectives.

During FY13 no remuneration recommendations, as defined by the Corporations Act, were requested by or provided to the Remuneration & Nomination Committee by any remuneration consultant.

During FY13 Mercer Consulting (Australia) Pty Ltd (Mercer) was engaged by the Company to provide market remuneration data on executive roles, including select KMP roles. In the course of providing this information, the Board is satisfied that Mercer did not make any remuneration recommendations relating to KMP as defined by the Corporations Act.

3. Remuneration principles and strategy

Remuneration principles

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

While the Board determines and applies specific remuneration policies at the Company level, the operating entities have a level of flexibility in determining and setting their own remuneration policies and arrangements within budgets for the operating entity reviewed by management of the Company and approved by the Board. Remuneration matters relating to the Group's operating entities are brought forward to the Remuneration & Nomination Committee as appropriate.

The key principles underlining the Group's Remuneration Policy are:

- Ensure that remuneration packages properly reflect the duties and responsibilities of the employees and that the remuneration is at an appropriate, competitive market rate which enables the Group to attract, retain and motivate people of the highest quality and best skills from the industries in which the Company and Group operate;
- Ensure the Group's remuneration structures are equitable and aligned with the long-term interests of the Group and its shareholders and having regard to relevant Group policies;
- Structure incentives that are linked to the creation of sustainable shareholder returns; and
- Ensure any termination benefits are appropriate.

Remuneration strategy

The following diagram illustrates how the Group's remuneration strategy and approach are linked to, and support the business' objectives and how they are aligned to the long-term interests of shareholders and the creation of sustainable shareholder returns.

Business objective

Deliver strong revenue and earnings growth in core operating businesses. Efficiently allocate capital to work with investee companies in which it has a significant stake to increase value in its investments.

Remuneration strategy and objectives

Attract, retain and motivate people of the highest quality

We attract, motivate and retain key talent by providing market competitive remuneration, which provides a mix of fixed and variable short-term and long-term incentives.

Align remuneration structures with the long-term interests of the Group and shareholders

Short-term and long-term incentive outcomes are dependent on the achievement of financial and non-financial business objectives, and shareholder return measures including Total Shareholder Return and Earnings Per Share.

Fixed remuneration (FR)

FR consists of base salary as well as employer superannuation contributions.

FR is set by having regard to listed companies of a similar size and complexity.

Short-term incentives (STI)

The STI plan delivers an annual cash incentive where executives have achieved stretching performance measures.

Performance is typically measured using a mix of financial corporate goals such as NPAT and divisional EBITDA, and non-financial personal goals including:

- Leadership and staff development;
- Strategic direction; and
- Investment performance.

Long-term incentives (LTI)

The LTI plan provides an opportunity for grants of performance rights to the Group CEO and other selected executives. Grants are only made if the financial performance targets for the relevant financial year are achieved. Once made, the plan provides that any grants made are subject to further performance hurdles of Earnings per Share growth and relative Total Shareholder Return over a three-year period.

4. Executive Chairman and Non-Executive Director remuneration framework

Non-Executive Directors' remuneration is reviewed by the Board, taking into account the recommendations of the Remuneration & Nomination Committee and, as appropriate, external benchmarking of remuneration for Non-Executive Directors of comparable companies. Non-Executive Director fees remained unchanged during FY13.

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.

Executive Chairman fees

Mr Kerry Stokes AC, Executive Chairman, receives a director's fee of $350,000. He does not receive any variable remuneration or other performance related incentives such as options or rights to shares. In addition, no retirement benefits are provided to the Executive Chairman other than superannuation contributions.

Non-Executive Director Fees

Non-Executive Directors receive a fixed fee which includes a base fee and additional fees for being the Chair or member of a Board Committee (Committee fees). Board and Committee fees are paid in the form of cash and statutory superannuation contributions.

The table below sets out the base and Committee fees inclusive of superannuation which applied during FY13. There was no increase in Non-Executive Director fees during FY13. Director fees have remained unchanged since August 2010.

Non-Executive Director Fees	
Base fee	$150,000
Committee Chair fees	
Audit & Risk	$60,000
Remuneration & Nomination	$40,000
Independent & Related Party	$40,000
Committee member fees	
Audit & Risk	$20,000
Remuneration & Nomination	$20,000
Independent & Related Party	$20,000

The Non-Executive Directors do not currently receive any variable remuneration or other performance related incentives such as options or rights to shares, and no retirement benefits (except as outlined below) are provided to Non-Executive Directors other than statutory superannuation contributions. However, Non-Executive Directors may receive performance linked payments and other payments at the discretion of the Board in relation to special services that they perform for the Company. No performance linked payments or other payments for special services were made to Non-Executive Directors in FY13.

Approved fee pool

In accordance with the Company's Constitution and the requirements of the Corporations Act and ASX Listing Rules, the aggregate fees payable to the Non-Executive Directors are set at a maximum level approved by shareholders. The current aggregate pool available for the payment of fees to the Executive Chairman and Non-Executive Directors is $2,000,000 per annum.

Non-Executive Director Retirement Benefits

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 Directors' 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.

5. Executive remuneration framework

The Company's remuneration structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders.

Total remuneration comprises of fixed and variable remuneration (which is dependent on the achievement of financial and non-financial performance measures). When determining the nature and amount of remuneration the Remuneration & Nomination Committee considers the appropriate level of total remuneration for each executive by examining the total reward provided to comparable roles in organisations of similar global complexity, size and reach.

Fixed remuneration

Fixed remuneration consists of base salary (which includes any Fringe Benefit Tax charges related to employee benefits), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed by the Remuneration & Nomination Committee through a process that considers individual, segment and overall performance of the Group. In addition, external consultants may be requested to provide analysis and advice to ensure the Executive Directors and Company executives' remuneration is competitive in the market place.

Variable remuneration

Performance linked remuneration is designed to reward Company executives and selected Executive Directors (excluding the Executive Chairman who does not receive any variable remuneration) for meeting or exceeding financial and individual objectives. Further details on STI and LTI are discussed in the following sections of the Remuneration Report.

We note that separate STI and LTI plans apply to the incoming Managing Director and Chief Executive Officer. Further detail about the incoming MD & CEO's remuneration arrangements are at section 5.c. of the Remuneration Report.

We note that the remuneration for the CFO in this report relates to Mr Andrew Harrison. As mentioned earlier in this report, the Interim Chief Financial Officer, Mr David Cooper, has been retained by the Company through a company to company agreement between Seven Group Holdings Limited and consulting firm Deloitte on an interim basis while a search was conducted for a suitable replacement Group Chief Financial Officer. Mr Cooper does not receive any remuneration directly from the Company and he does not participate in the STI and LTI plans.

Remuneration mix

The following table outlines the current target remuneration mix for the Group CEO and other executives. The Group CEO has a higher proportion of remuneration "at-risk" (and subject to performance conditions) to reflect the greater responsibility and accountability for the business' performance relative to other Company executives.

Position	Fixed remuneration	STI	LTI
Group CEO	57%	23%	20%
Other executives	57% – 67%	17% – 21%	17% -21%

Minimum shareholding guidelines for senior executives

With effect from 1 July 2012, the Board implemented new minimum shareholding guidelines to encourage senior executives to hold Seven Group Holdings Limited (SGH) shares and further align their interests with those of shareholders. The guidelines impose a minimum level of shareholding based on the senior executive's length of service with SGH, as follows:

- On reaching five years of service, SGH shares equivalent in value to at least 20% of annual base salary should be held;
- On reaching 10 years of service, SGH shares equivalent in value to at least 40% of annual base salary should be held;
- On reaching 15 years of service, SGH shares equivalent in value to at least 60% of annual base salary should be held;
- On reaching 20 years of service, SGH shares equivalent in value to at least 80% of annual base salary should be held.

a. Short-term incentive plan

The Group CEO, Company and Group Chief Financial Officer (CFO), CEO WesTrac and Group Chief Operating Officer (COO) participated in the Company's Short-Term Incentive (STI) plan in FY13 which provided executives with the opportunity to receive an annual cash incentive subject to the achievement of corporate and personal performance objectives.

The corporate goals for each of the STI participants (with the exception of the CEO WesTrac) are determined relative to SGH's statutory NPAT performance. The NPAT target for FY13 was $485.2 million. The statutory NPAT result was $488.6 million. However this result was positively impacted by significant items. Therefore, while the reported statutory result was in line with the Group's original target of $485.2 million, the underlying performance fell short and, accordingly, the Board determined that the corporate goal for the STI was not met.

The CEO WesTrac's corporate goals are determined relative to WesTrac Group's Earnings before interest, tax, depreciation and amortisation (EBITDA) target, which was not achieved.

Further detail in relation to the STI plan is provided in the table below.

Short-Term Incentive plan	
What is the purpose of the STI plan?	The STI plan is intended to reward executives for the achievement of annual corporate performance measures, including the achievement of Net Profit After Tax (NPAT) and divisional Earnings before interest, tax, depreciation and amortisation (EBITDA) targets and performance against individual personal goals.
Who is eligible to participate?	The Group CEO, COO, CFO and CEO WesTrac.
How is the STI delivered?	The STI is awarded as a lump sum cash payment after corporate and personal goals have been measured and assessed following the end of the financial year.
What is the target STI opportunity for participants?	The total STI opportunity for on-target performance is set out in the table below and is expressed as a percentage of fixed remuneration.

	Target STI opportunity (as a percentage of fixed remuneration)
Group CEO	40%
COO	25%
CFO	25%
CEO WesTrac	37.5%

What are the performance measures and weightings for the cash component?

The performance measures and weightings for each of the participants are outlined in the table below. Performance measures are intended to reflect the executive's individual accountabilities.

Executive	Weighting	Performance measures
Group CEO	Corporate goals (40%)	• SGH's statutory Net profit after taxation (NPAT) performance*
	Personal goals (60%)	Personal goals are assessed against specified criteria: • Performance against budget; • Leadership and staff development; • Strategic direction; • Investment performance; and • Direction regarding the Company's operating businesses.
COO	Corporate goals (40%)	• SGH's statutory NPAT performance*
	Personal goals (60%)	Personal goals are assessed against specified criteria, for example: • Providing support to operating businesses to achieve target; • Analysis and execution of investment opportunities; • Monitoring Company investments; and • Representation of the Company to relevant stakeholders.
CFO	Corporate goals (40%)	• SGH's statutory NPAT performance*
	Personal goals (60%)	• Providing support to operating businesses to achieve target; • Management of group debt facilities; • Leadership and staff development; • Analysis of investment opportunities; • Monitoring Company investments; and • Representation of the Company to relevant stakeholders.
CEO WesTrac	Corporate goals (100%)	• WesTrac Group's Earnings before interest, tax, depreciation and amortisation (EBITDA)*

* Subject to Board discretion the statutory NPAT and WesTrac Group EBITDA outcomes may be calculated before significant items.

Short-Term Incentive plan	
What are the performance measures and weightings for the cash component? (cont.)	STI awards shall not be provided in circumstances where individual performance is unsatisfactory. The corporate goals for each of the STI participants (with the exception of the CEO WesTrac) is determined relative to SGH's statutory NPAT performance. The NPAT target for FY13 was $485.2 million. The FY13 outcomes under the STI are outlined in the table below.
How is performance and the performance measure weightings determined?	STI corporate goals are based upon NPAT reported in the Group's audited financial statements, or WesTrac Group EBITDA, to ensure the assessment of corporate goals is aligned with business performance. Subject to the Board's discretion NPAT or WesTrac Group EBITDA targets may be calculated before significant items. Personal goals are measured using a balanced scorecard approach based on measurable and quantifiable targets. Measurement against audited financial measures helps ensure performance is measured objectively. In relation to the personal goals, using a balanced scorecard approach ensures targets are, where applicable, measurable and quantifiable.
Who assesses performance against targets?	The level of the STI award is subject to Board approval, based on recommendations provided by the Remuneration & Nomination Committee. The performance of executives against targets is assessed by the MD & CEO and Executive Chairman.

FY13 STI outcomes

The table below provides the weighting of corporate and personal goals, the level of performance achieved (outstanding achievement, achieved, partially achieved, did not achieve), and cash incentive (expressed as a percentage of fixed remuneration) awarded in FY13.

Awards under the corporate goals component of the STI plan are only made if the NPAT target for the relevant year has been achieved. The NPAT target for FY13 was $485.2 million. The FY13 NPAT target set by the Board was achieved on a statutory basis ($488.6 million), however the underlying NPAT performance ($398.9 million) fell short and as a result the Board has determined that the corporate goals component of the STI plan was not met in respect of FY13 performance.

The Group CEO was not awarded a payment under the STI plan in respect of FY13 performance, reflecting the challenging performance targets set by the Board for FY13.

The COO was awarded a payment under the STI plan in respect of FY13 performance reflecting achievement of his personal goals. The Board considers the payment to the COO was warranted in recognition of the COO's significant contribution to the development and implementation of major organisational change programs focusing on cost reduction and revenue opportunities.

Executive	Weighting	Level of achievement	Cash incentive awarded for FY13 (as a percentage of fixed remuneration)	Percentage of STI Awarded	Percentage of STI not Awarded
Group CEO	Corporate goals (40%)	Did not achieve	0%	0%	100%
	Personal goals (60%)	Partially achieved			
COO	Corporate goals (40%)	Did not achieve	12%	48%	52%
	Personal goals (60%)	Partially achieved			
CFO	Corporate goals (40%)	Did not achieve	0%	0%	100%
	Personal goals (60%)	Partially achieved			
CEO WesTrac	Corporate goals (100%)	Did not achieve	0%	0%	100%

b. Long-term incentive plan

The Group CEO, CFO, CEO WesTrac and COO were eligible to participate in the LTI plan.

Awards under the LTI plan are only made if the NPAT target for the relevant year has been achieved and, once granted, awards only vest if the performance hurdles over the three-year performance period are met.

The NPAT target for FY13 was $485.2 million. The FY13 NPAT target set by the Board was achieved on a statutory basis however the underlying performance fell short and as a result the Board has determined that no LTI awards will be granted in respect of FY13 performance.

Long-Term Incentive plan	
What will be granted?	Subject to the achievement of financial targets for the relevant financial year, performance rights will be granted for nil consideration. Each right entitles the participant to one ordinary share in the Company, subject to the achievement of the performance hurdles for vesting, as outlined below.
How many performance rights will be granted?	The LTI grant opportunity for on-target performance is set out in the table below and is expressed as a percentage of fixed remuneration.

	LTI grant opportunity (as a percentage of fixed remuneration)
Group CEO	35%
CFO	25%
CEO WesTrac	37.5%
COO	25%

The FY13 NPAT target set by the Board was achieved on a statutory basis however the underlying performance fell short and as a result the Board has determined that no LTI awards will be granted in respect of FY13 performance.

What will be the vesting performance measures?	The vesting of performance rights granted under the LTI plan will be dependent on two independent performance measures, EPS and TSR.
Why was the EPS performance hurdle chosen, and how is performance measured?	Half (50%) of the award will be subject to an EPS hurdle. EPS provides a direct link between executive reward with the creation of wealth driven through the increase in earnings per share received by shareholders. EPS performance will be measured with reference to the audited annual accounts fully diluted EPS after allowing for any adjustments to this figure for abnormal or unusual profit items as the Board considers appropriate. Threshold and maximum annual percentage EPS growth targets for three years will be set for each proposed LTI grant, with the proportion of vesting ranging from 0% (where the threshold EPS growth target is not achieved) to 100% (where the maximum EPS growth target is achieved).
Why was the TSR performance hurdle chosen, and how is performance measured?	The other half of the LTI award will be subject to a relative TSR hurdle. Relative TSR provides an indicator of shareholder value creation by comparing the Company's return to shareholders relative to other companies of similar size. TSR provides an external, market-based hurdle and creates alignment of executive remuneration outcomes to shareholder returns. Participants will not derive any benefit from this portion of the grant unless the Company's performance is at least at the median of the comparator group. The comparator group chosen for assessing the Company's relative TSR consists of constituents of the S&P/ASX 100 index excluding companies classified as Financials under the Global Industry Classification System. This comparator group was selected as it represents a broad base of companies against which investors in SGH may benchmark their investment. The comparator group is defined at the start of the performance period. The composition of the comparator group may change as a result of corporate events, such as mergers, acquisitions, de-listings etc. The Board has agreed guidelines for adjusting the comparator group following such events, and has the discretion to determine any adjustment to the comparator group. TSR performance is monitored and assessed by an independent advisor. The percentage of TSR performance rights that vest (if any) at the end of the three-year performance period will be based on the following schedule:

Company's TSR ranking relative to comparator group companies	Proportion of TSR performance rights that vest (%)
Equal to or above the 75th percentile	100%
Between the 50th and 75th percentiles	Straight-line vesting
At the 50th percentile	50%
Less than the 50th percentile	Nil

When will performance be tested?	Awards will be subject to a three-year performance period. Immediately following the completion of the performance period, the performance hurdles are tested to determine whether, and to what extent, awards vest. Upon vesting of the rights, the Board has discretion to either issue new shares or acquire shares on market.

Long-Term Incentive plan	
Do the performance rights carry dividend or voting rights?	Performance rights do not carry dividend or voting rights. Any performance rights that do not vest following testing of performance hurdles (i.e., at the end of the three-year performance period) will lapse.
What happens in the event of a change in control?	In the event of a change of control of the Company the Board will have discretion to determine whether, and the extent to which, unvested performance rights vest. The Board will consider when making its decision the extent to which performance hurdles have been achieved to the date of the event.
What happens if the participant ceases employment?	If the participant ceases employment with the Company due to termination for cause or gross misconduct, or other reasons determined by the Board (which would normally include resignation) all unvested performance rights will lapse. If the participant ceases to employment other than for the reasons outlined above the performance rights will not lapse, unless the Board determines otherwise.

c. Incoming Managing Director & Chief Executive Officer Remuneration

Mr Voelte was appointed Managing Director & Chief Executive Officer on 1 July 2013. Mr Voelte is employed under an open-ended employment contract under which the MD & CEO may give six months notice to terminate employment. The Company is required to provide one month notice to terminate.

The remuneration mix for the MD & CEO comprises both a fixed component and a variable (or "at risk") component (which comprises separate Short-Term Incentive and Long-Term Incentive elements). These components are explained in detail below.

Fixed remuneration

Mr Voelte's fixed annual remuneration is $3,200,000 inclusive of superannuation.

The remit of the MD & CEO includes overseeing the strategy of the Group, subject to the input and approval of the Board. The Board considers Mr Voelte's fixed remuneration is appropriate having regard to the responsibilities and duties of Mr Voelte as MD & CEO, as well as his extensive experience and demonstrated performance in influencing achievement of substantial business strategy as a CEO in both Australia and the United States. Additionally Mr Voelte is uniquely qualified for the position given his very recent media experience as Managing Director and Chief Executive Officer of Seven West Media Limited, a core investment of the Group.

Under the Board's Charter the appointment of the MD & CEO is a matter for the Board. Accordingly, Mr Voelte's remuneration was proposed with the assistance of a sub-committee of the Board under delegation from the Board and with reference to market remuneration data from companies in Seven Group Holdings Limited's market peer group. Mr Voelte's proposed remuneration was considered and approved in two separate full Board meetings by all Directors other than Messrs Gammell, Walker, R Stokes and McWilliam who did not participate in the discussion or voting on this item (it being acknowledged that Messrs Walker, R Stokes and McWilliam would each report to Mr Voelte in their executive capacities upon Mr Voelte's appointment as MD & CEO).

Variable remuneration

Mr Voelte is eligible to participate in performance-linked remuneration under a Short-Term Incentive plan (STI) and a Long-Term Incentive plan (LTI).

Summary of remuneration mix

The relative proportions of total possible remuneration that are linked to performance and those that are fixed for the incoming MD & CEO are as follows:

Fixed remuneration	STI	Deferred STI	LTI
45%	22%	11%	22%

Incoming MD & CEO Short-Term Incentive plan

What is the purpose of the STI plan?	The STI plan is intended to reward the MD & CEO for the achievement of annual corporate financial performance measures, including the achievement of Net Profit After Tax (NPAT) and divisional Earnings before interest, tax, depreciation and amortisation (EBITDA) targets and performance against individual personal goals.
Who is eligible to participate?	The MD & CEO.
How is the STI delivered?	Two-thirds of the STI is awarded as a lump sum cash payment after corporate and personal goals have been measured and assessed following the end of the financial year for selected executives. One-third of the award is deferred into restricted shares. The deferred portion of STI is not subject to further performance conditions (other than continuous employment such that if the MD & CEO's employment is terminated under certain circumstances, he does not receive the portion of the unvested restricted shares). The shares vest in three equal tranches, over a period of three years.
What is the target STI opportunity for participants?	The total STI opportunity for on-target performance for the MD & CEO is 75% of fixed remuneration.
What are the performance measures and weightings for the cash component?	The STI plan is subject to an initial Company and Group financial performance hurdle or "gateway". The Company and Group financial performance hurdle must first be met for the MD & CEO to be eligible for an STI payment. Prior to the start of each performance year, the MD & CEO will have individual Key Performance Indicators (KPIs) set, at target and stretch levels. The MD & CEO's KPIs are approved by the Board. Financial and non-financial KPIs are differentially weighted to reflect the focus for the MD & CEO in driving the overall business strategy. Assuming the Company and Group financial performance hurdle is met, the individual performance of the MD & CEO is assessed against KPIs for that year. STI awards shall not be provided in circumstances where individual performance of the MD & CEO is unsatisfactory.
How is performance and the performance measure weightings determined?	Company and Group financial performance is based upon results reported in the Group's audited financial statements to ensure the assessment of corporate goals is aligned with business performance. Subject to the Board's discretion, Company and Group financial performance may be calculated before significant items. Personal KPIs are measured using a balanced scorecard approach based on measurable and quantifiable targets. Measurement against audited financial measures ensures performance is measured objectively. In relation to the KPIs, using a balanced scorecard approach ensures targets are, where applicable, measurable and quantifiable.
Who assesses performance against targets?	Once the Company and Group financial target is met, the level of the STI award is subject to Board approval, based on recommendations provided by the Remuneration & Nomination Committee.

Incoming MD & CEO Long-Term Incentive plan

The LTI plan for the MD & CEO is in the form of cash-settled share options which provide an opportunity for the MD & CEO to be paid a cash amount based on the increase in the Company's share price over a defined exercise price subject to the satisfaction of specified vesting conditions (Share Appreciation Rights or SARs).

The LTI plan is designed to encourage sustained long-term performance and enhance the alignment between the interests of the MD & CEO and those of shareholders.

The Board considers the design of the MD & CEO's LTI plan is appropriate on the basis that it is designed to provide an incentive to increase the market value of the Company. Mr Voelte has agreed that this will be his final executive appointment and that at the end of his tenure, currently anticipated to be three years, but longer by agreement, he will be retiring. Therefore in designing an appropriate incentive plan for Mr Voelte's appointment, the Board considered elements that would be effective across Mr Voelte's tenure.

Incoming MD & CEO Long-Term Incentive plan	
What will be granted?	Cash-settled share options which provide an opportunity for the MD & CEO to be paid a cash amount based on the increase in the Company's share price over a defined exercise price subject to the satisfaction of specified vesting conditions (Share Appreciation Rights or SARs).
How many share appreciation rights (SARs) will be granted?	The LTI grant opportunity for the MD & CEO is 50% of fixed remuneration. The number of SARs to be granted each year will be determined using the following formula: $\dfrac{\text{LTI Grant Opportunity percentage x Fixed Remuneration}}{\text{Fair value of a SAR on the Grant Date}}$ For this purpose the fair value of a SAR will be determined by the Company using the Black-Scholes option valuation model.
When will the SARs be granted?	SARs will be awarded annually with an effective grant date of 1 July in the relevant financial year (Grant Date).
How will the exercise price for the SARs be determined?	The exercise price for each vested SAR will be equal to the volume-weighted average price of the Company's ordinary shares for the 30 calendar days prior to the Grant Date (Exercise Price).
When will the SARs vest?	The SARs have a three-year performance period and will therefore vest on the third anniversary of the Grant Date. Once vested the SARs can be exercised at any time until the fifth anniversary of the Grant Date (at which time the SARs will lapse if not exercised).
How will the award be delivered?	On exercise of vested SARs, the MD & CEO will be entitled to receive a cash payment calculated using the following formula: Number of SARs exercised x (Final Price – Exercise Price) Where Final Price is the volume-weighted average price of the Company's ordinary shares for the 30 calendar days prior to the date the SARs are exercised.
What happens in the event of a change in control?	In the event of a change of control of the Company the Board will have discretion to determine whether, and the extent to which, unvested SARs vest.
What happens if the participant ceases employment?	If the MD & CEO ceases employment with the Company due to termination for cause or gross misconduct, or other reasons determined by the Board (which would normally include resignation) all unvested SARs will lapse. If the MD & CEO ceases employment other than for the reasons outlined above the SARs will not lapse, unless the Board determines otherwise.

6. Legacy share-based remuneration

a. Performance Management Plan

Prior to the 2012 financial year, the variable remuneration plan for executives was called the Performance Management Plan (PMP). The PMP contained a deferred equity component under which the Group CEO and selected executives received a portion of their total STI opportunity (subject to performance and to the extent that an EPS target was achieved) in the form of ordinary shares in Seven Group Holdings Limited.

Under the PMP, the EPS target was measured over the relevant financial year before significant items (subject to the Board's discretion). EPS was calculated by dividing the NPAT, after deducting TELYS4 dividends paid by the total weighted average number of shares the Company has issued. The measure took into account all the revenues, costs (including interest) and tax payable by the Company for the relevant year and does so on a per share basis.

The shares granted vested in three equal tranches over the three years following grant subject to continued service. If an executive ceases employment with the Company due to death, redundancy, retirement, disability or permanent illness, an application can be made to the Board for unvested shares to be transferred to that participant along with shares that have already vested. If an executive ceases employment with the Company for any other reason, all unvested shares will be forfeited, unless the Board determines otherwise.

The details of outstanding shares under the PMP are as follows:

Executive	Number of shares granted	Grant date	Vesting date	Fair value per share	% vested in FY13	% forfeited in FY13
PJT Gammell[1]	46,774	9/11/2011	1/10/2012	8.23	100	nil
	46,775	9/11/2011	1/10/2013	8.23	nil	nil
	46,775	9/11/2011	1/10/2014	8.23	nil	nil
RK Stokes	7,594	9/11/2011	1/10/2012	8.23	100	nil
	7,593	9/11/2011	1/10/2013	8.23	nil	nil
	7,593	9/11/2011	1/10/2014	8.23	nil	nil
JA Walker	20,720	9/11/2011	1/10/2012	8.23	100	nil
	20,721	9/11/2011	1/10/2013	8.23	nil	nil
	20,721	9/11/2011	1/10/2014	8.23	nil	nil

1. In acknowledgment of Mr Gammell having served as Group CEO for the full 2012 and 2013 financial years as well the valuable contribution made by Mr Gammell to the Company, particularly with regard to its formation, his strategic input and his discharge of his duties as Group CEO, the Board determined that Mr Gammell's unvested PMP shares that were granted in respect of the 2011 financial year remain on foot following the termination of his employment on 28 June 2013, subject to their original vesting schedules. The value of unvested shares is included in Mr Gammell's detailed remuneration within Share-Based Payments in section 8 of this report.

b. Employee Share Option Plan

The legacy options described below were issued as replacement grants for the Seven Network Limited options that were held by executives at the time of the Seven Network Limited and WesTrac scheme of arrangement under the Employee Share Option Plan (ESOP). No options were granted under the ESOP in FY13.

The options were issued under the ESOP on 28 April 2010, and were issued in consideration for the cancellation of previously-issued Seven Network Limited options on the same terms and were detailed in the Scheme Booklet for the Seven Network Limited and WesTrac transaction. It was not appropriate for the Company to impose new incentive arrangements with different terms on executives when replacing the existing incentive entitlements as part of the implementation of the scheme.

The options were granted subject to a TSR performance condition (tested relative to the performance of the S&P/ASX 200 Accumulation Index), and all legacy options have now vested but remain subject to a holding lock.

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

Executive	Tranche	Number of options granted	Vesting date	Expiry date	Exercise price	Fair value per option	% vested in FY13	% forfeited in FY13	% exercised in FY13
DJ Leckie	1	1,500,000	30 June 2010	30 June 2014	$ 7.00	$ 1.21	0%	0%	0%
	2	1,000,000	30 June 2011	30 June 2014	$ 8.00	$ 0.98	0%	0%	0%
	3	500,000	30 June 2012	30 June 2014	$ 9.00	$ 0.79	0%	0%	0%
BI McWilliam	1	500,000	30 June 2011	30 June 2014	$ 8.00	$ 0.98	0%	0%	100%
	2	500,000	30 June 2012	30 June 2014	$ 9.00	$ 0.79	0%	0%	0%

All options were valued independently using a Monte Carlo Simulation.

During the year Mr McWilliam exercised 500,000 options with an exercise price of $8.00. The value of the shares exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the options. The total value attributed to these options at the date of exercise was $1,530,000. No amounts remain unpaid in relation to the option exercise.

Hedging policy

The Company's Group Directors Share Trading Policy, and the Executive and Staff Share Trading Policy, prohibits employees (including KMP) from dealing in Seven Group Holdings Limited shares, if the dealing is prohibited under the *Corporations Act 2001* (Cth). Therefore, in accordance with this policy, all KMP are prohibited from entering into arrangements in connection with Seven Group Holding Limited shares which operate to limit the executives' economic risk under any equity-based incentive schemes.

The ability to deal with unvested rights is restricted in the ESOP (and LTI plan) rules which apply to the options over shares in the Company which have been granted. The Company will continue to monitor the appropriateness of this approach.

7. Summary of executive contracts

The key terms of the executive contracts including the term of the contract, the period of notice required to terminate the contract (by either the Company or executive) and any contractual termination payments are set out below.

Name	Contract term	Notice period required by the Company	Notice period required by the Executive	Contractual termination payments
PJT Gammell (resigned 28 June 2013)	On-going	6 months	6 months	Payment of 6 months' fixed remuneration, reduced by any remuneration paid during the notice period.
DR Voelte (from 1 July 2013)	On-going	1 month	6 months	No contractual termination payments
JA Walker	On-going	1 month	1 month	No contractual termination payments
DJ Leckie	2 years	1 month	1 month	No contractual termination payments
RK Stokes	On-going	3 months	3 months	No contractual termination payments
AC Harrison (resigned 1 March 2013)	On-going	6 months	6 months	No contractual termination payments

There are no formal employment contracts for the other Non-Executive and Executive Directors.

Mr McWilliam is not directly employed by the Company however following the Seven West merger, his services are provided under an agreement with Seven West Media Limited. Consequently Mr McWilliam does not have any applicable contract term, notice period or contractual termination payments.

Mr Cooper is not directly employed by the Company, his services are provided under an agreement with consulting firm Deloitte. Consequently Mr Cooper does not have any applicable contract term, notice period or contractual termination payments.

8. Remuneration in detail

The following table sets out the remuneration details for the Company's KMP for the year ended 30 June 2013.

2013	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	
Directors	**Salary & fees**	**STI cash bonus**	**Non-monetary benefits**	**Termination benefits**	**Superannuation benefits**	**Other**	**Options and rights over equity instruments granted as compensation in prior years**	**Total**
KM Stokes AC (Executive Chairman)	350,000	–	–	–	–	–	–	350,000
PD Ritchie AO (Deputy Chairman)	230,000	–	–	–	–	–	–	230,000
PJT Gammell (Group Chief Executive Officer)[2,3,6,7]	2,983,530	–	8,733	926,398	16,470	–	320,833	4,255,965
DJ Leckie (Executive Director, Media)[3]	983,530	–	–	–	16,470	–	–	1,000,000
DR Voelte (Managing Director and Chief Executive Officer)[9]	–	–	–	–	–	–	–	–
JA Walker (Chief Executive Officer, WesTrac Group)[2,3]	1,389,400	–	4,983	–	25,000	22,444	99,488	1,541,315
ED Boling	190,000	–	–	–	–	–	–	190,000
TJ Davis	193,530	–	–	–	16,470	–	–	210,000
CJ Mackay	174,311	–	–	–	15,689	–	–	190,000
BI McWilliam (Commercial Director)[1,3]	275,000	–	–	–	–	–	–	275,000
RK Stokes (Group Chief Operating Officer)[2,3]	733,530	90,000	–	–	16,470	–	36,458	876,458
RA Uechtritz	174,311	–	–	–	15,689	–	–	190,000
MC Wells	230,000	–	–	–	–	–	–	230,000
Total Directors	**7,907,142**	**90,000**	**13,716**	**926,398**	**122,258**	**22,444**	**456,779**	**9,538,737**

2013	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	
Executives	**Salary & fees**	**STI cash bonus**	**Non-monetary benefits**	**Termination benefits**	**Super-annuation benefits**	**Other**	**Options and rights over equity instruments granted as compensa-tion in prior years**	**Total**
AC Harrison (Group Chief Financial Officer)[3,4,5]	475,163	–	–	10,814	11,233	–	–	497,210
D Cooper (Interim Group Chief Financial Officer)[8]	–	–	–	–	–	–	–	
Total executives	**475,163**	**–**	**–**	**10,814**	**11,233**	**–**	**–**	**497,210**
Total Directors and executives	**8,382,305**	**90,000**	**13,716**	**937,212**	**133,491**	**22,444**	**456,779**	**10,035,947**

1. Remuneration for Mr McWilliam, relates to amounts recharged by Seven West Media Limited to Seven Group Holdings Limited.
2. 2013 value of rights over equity instruments granted as compensation as a proportion of total remuneration of P Gammell 8%, J Walker 6%, R Stokes 4%.
3. 2013 remuneration that is performance related as a proportion of total remuneration of D Leckie 0%, B McWilliam 0%, P Gammell 8%, R Stokes 14%, J Walker 6%, A Harrison 0%.
4. The remuneration for Mr Harrison is for the period from 1 July 2012 until 1 March 2013.
5. Termination benefit for Mr Harrison is his statutory entitlement to accrued but untaken leave.
6. Termination benefit for Mr Gammell includes his statutory entitlement to accrued but untaken leave ($176,398) and three months' fixed remuneration in lieu of notice ($750,000).
7. Mr Gammell's "Options and rights over equity instruments granted as compensation in prior years" amount includes $224,583 relating to amortisation relating to the FY13 year and $96,250 relating to amortisation that would have occurred in future years on shares that were determined by the Board to remain on foot subject to their original vesting schedules following the termination of his employment on 28 June 2013. Further information about these share-based payments is in section 6.a. of the Remuneration Report.
8. Mr Cooper has been retained by the Company as Interim Group Chief Financial Officer through a company to company agreement between Seven Group Holdings Limited and consulting firm Deloitte on an interim basis while a search was conducted for a suitable replacement Group Chief Financial Officer. Fees paid to Deloitte in respect of Mr Cooper's services as Interim Group Chief Financial Officer were $144,702. On 26 August 2013 it was announced that Mr Richard Richards had been appointed Chief Financial Officer and will commence with the Company in October 2013.
9. Mr Voelte commenced employment with Seven Group Holdings Limited on 1 July 2013. No remuneration was paid to Mr Voelte during the financial year to 30 June 2013 and therefore no remuneration has been included in the table above.

2012	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	
Directors	**Salary & fees**	**STI cash bonus**	**Non-monetary benefits**	**Termination benefits**	**Super-annuation benefits**	**Other**	**Options and rights over equity instruments granted as compensa-tion in prior years**	**Total**
KM Stokes AC (Executive Chairman)	349,993	–	–	–	–	–	–	349,993
PD Ritchie AO (Deputy Chairman)	219,479	–	–	–	10,517	–	–	229,996
PJT Gammell (Group Chief Executive Officer)[3,4]	2,984,285	360,000	3,865	–	15,775	–	417,083	3,781,008
DJ Leckie (Group Chief Executive Officer and MD, Seven West Media)[1,2,4]	–	–	–	–	–	–	158,083	158,083
JA Walker (Chief Executive Officer, WesTrac Group)[3,4]	1,364,400	–	70,556	–	50,000	22,039	184,763	1,691,758
ED Boling	189,996	–	–	–	–	–	–	189,996
TJ Davis	194,221	–	–	–	15,775	–	–	209,996
CJ Mackay	174,309	–	–	–	15,688	–	–	189,997
BI McWilliam (Commercial Director)[1,2,4]	275,000	–	–	–	–	–	158,083	433,083
RK Stokes (Executive Director)[3,4]	734,210	56,250	–	–	15,775	–	67,708	873,943
RA Uechtritz	174,309	–	–	–	15,688	–	–	189,997
MC Wells	229,996	–	–	–	–	–	–	229,996
Total Directors	**6,890,198**	**416,250**	**74,421**	**–**	**139,218**	**22,039**	**985,720**	**8,527,846**

2012	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	
Executives	**Salary & fees**	**STI cash bonus**	**Non-monetary benefits**	**Termination benefits**	**Super-annuation benefits**	**Other**	**Options and rights over equity instruments granted as compensa-tion in prior years**	**Total**
AC Harrison								
(Group Chief Financial Officer)[5]	456,690	35,041	–	–	10,517	–	–	502,248
PJ Lewis								
(Group Chief Financial Officer)[1,2,4]	234,405	–	–	–	–	–	28,561	262,966
Total executives	**691,095**	**35,041**	**–**	**–**	**10,517**	**–**	**28,561**	**765,214**
Total Directors and executives	**7,581,293**	**451,291**	**74,421**	**–**	**149,735**	**22,039**	**1,014,281**	**9,293,060**

1. Remuneration, other than equity compensation, for Mr Leckie, Mr McWilliam and Mr Lewis, relates to amounts recharged by Seven West Media Limited to Seven Group Holdings Limited. In addition, other than equity compensation, from 1 July 2011 to 8 November 2011, Mr Lewis received salary payments from the Company in view of the extra time and responsibilities required of Mr Lewis in fulfilling the role of CFO of the Company. The remuneration to Mr Lewis is for the period from 1 July to November 2011.
2. 2012 value of options as a proportion of remuneration of D Leckie 100.0%, B McWilliam 36.5% and P Lewis 10.8%.
3. 2012 value of rights over equity instruments granted as compensation as a proportion of remuneration of P Gammell 11.0%, J Walker 10.9%, R Stokes 7.7%.
4. 2012 proportion of remuneration that is performance related as a proportion of remuneration of D Leckie 100.0%, B McWilliam 36.5%, P Lewis 10.8%, P Gammell 20.5%, R Stokes 14.1%, J Walker 10.9%.
5. The remuneration for Mr Harrison is for the period from 9 November 2011. Mr Harrison did not receive any payments before taking office as part of consideration for agreeing to hold office.

9. Link between remuneration and company performance

The remuneration framework of the Group is varied and is designed to offer appropriate rewards for those giving superior performance. It is designed to 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.

Detail below shows the Group performance in key areas for the 2013, 2012, 2011 and 2010 financial years.

	2013	**2012**	**2011**	**2010[2]**
Statutory NPAT ($000)	$488,605	$176,748	$79,913	$718,742
NPAT (excluding significant items) ($000)[1]	$398,853	$343,229	$248,278	$28,144
Significant items ($000)	($89,752)	$166,481	$168,365	$690,598
Dividends per ordinary share	40.0 cents	38.0 cents	36.0 cents	0.0 cents
Share price at financial year/period end	$6.90	$7.74	$9.63	$5.74
Statutory basic EPS	$1.49	$0.43	$0.12	$5.87
Basic EPS excluding significant items	$1.20	$0.98	$0.67	$0.09

1. NPAT (excluding significant items) is a non-IFRS measure. This measure is used internally by management to assess the performance of the business and hence is provided to enable an assessment of remuneration compared to company performance. Refer to the Operating and Financial Review for reconciliation to statutory net profit after tax.
2. The 2010 result incorporates only two months trade, subsequent to the merger of WesTrac Group and Seven Network Limited; as such it is not comparable to the 2011, 2012 and 2013 results.

End of audited Remuneration Report.

Indemnity

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

As permitted by the Constitution of the Company, the Company has entered into deeds of access, insurance and indemnity with each Director as at the end of the financial year. A deed of access, insurance and indemnity was entered into during the financial year with Mr David Cooper, Interim Chief Financial Officer.

No amounts were paid and no actions taken pursuant to these indemnities during the year.

Insurance Premiums

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

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

Non-Audit Services

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

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

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

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

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

Audit Services	2013 ($000)	2012 ($000)
Auditors of the Company		
KPMG Australia		
• Audit and review of financial reports	665	581
• Other assurance services	24	5
Overseas KPMG firms		
• Audit and review of financial report	157	109
Other auditors		
• Audit and review of financial reports	–	169
Total	**846**	**864**
Other Services		
Auditors of the Company		
KPMG Australia		
• Other advisory services	–	215
Overseas KPMG firms		
• Other tax and advisory services	63	14
Total	**63**	**229**

The lead auditor's independence declaration is set out on page 59 and forms part of the Directors' Report for the year ended 30 June 2013.

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
13 September 2013

KPMG

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

To: the directors of Seven Group Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 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

Kevin Leighton
Partner

Sydney

13 September 2013

SGH

Annual Report 2013

FINANCIAL STATEMENTS

Consolidated Income Statement

	Note	2013 $'000	2012 $'000
Revenue			
Revenue from product sales		3,207,274	2,999,577
Revenue from product support		1,517,299	1,400,142
Revenue from broadband and telephony		5,761	56,729
Other		21,296	10,959
Total revenue		**4,751,630**	**4,467,407**
Other income			
Dividend income		41,335	45,430
Gain on sale of property, plant and equipment		29,430	-
Net gain on sale of investments and equity accounted investees		65,924	8,911
Net gain on sale of subsidiary	27	8,364	129,786
Other investment income		23,545	21,545
Other		13,939	8,655
Total other income		**182,537**	**214,327**
Share of results from equity accounted investees	11	115,505	163,019
Impairment reversal/(impairment) of equity accounted investees	11	77,851	(416,890)
Expenses excluding depreciation and amortisation			
Materials cost of inventory sold and used		(3,198,475)	(2,920,004)
Raw materials and consumables used		(135,114)	(169,552)
Employee benefits expenses		(677,046)	(593,991)
Operating lease rental expense		(74,755)	(52,805)
Impairment of non-current assets	13, 15	(9,464)	(300)
Fair value movement of derivatives		(10,440)	(18,167)
Other expenses		(238,770)	(350,493)
Total expenses excluding depreciation and amortisation		**(4,344,064)**	**(4,105,312)**
Depreciation and amortisation		(63,186)	(76,696)
Profit before net finance costs and tax		**720,273**	**245,855**
Finance income	4	24,006	4,465
Finance costs	4	(121,347)	(117,495)
Net finance costs		**(97,341)**	**(113,030)**
Profit before tax		**622,932**	**132,825**
Income tax (expense)/benefit	5	(134,327)	43,923
Profit for the year		**488,605**	**176,748**
Profit for the year attributable to:			
Equity holders of the Company		486,417	165,933
Non-controlling interest		2,188	10,815
Profit for the year		**488,605**	**176,748**
Statutory earnings per share (EPS)			
Ordinary shares			
Basic earnings per share ($)	7	$ 1.49	$ 0.43
Diluted earnings per share ($)	7	$ 1.49	$ 0.43

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

Consolidated Statement of Comprehensive Income

	Note	2013 $'000	2012 $'000
Profit for the year		**488,605**	**176,748**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale financial assets	21	111,220	4,552
Cash flow hedges: effective portion of changes in fair value	21	(49,761)	38,286
Foreign currency differences for foreign operations	21	76,549	38,749
Income tax on items of other comprehensive income	21	(26,150)	(15,803)
Total items that may be reclassified subsequently to profit or loss		**111,858**	**65,784**
Total comprehensive income for the year		**600,463**	**242,532**
Total comprehensive income for the year attributable to:			
Equity holders of the Company		598,023	231,717
Non-controlling interest		2,440	10,815
Total comprehensive income for the year		**600,463**	**242,532**

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

Consolidated Statement of Financial Position

As at 30 June 2013

	Note	2013 $'000	2012 $'000
CURRENT ASSETS			
Cash and cash equivalents	32a	542,108	127,749
Trade and other receivables	8	719,809	878,795
Inventories	9	1,050,490	1,384,590
Other current assets	10	16,736	35,214
Derivative financial instruments	12	4,286	10,383
Total current assets		**2,333,429**	**2,436,731**
NON-CURRENT ASSETS			
Investments accounted for using the equity method	11	1,173,872	1,279,906
Trade and other receivables	8	1,770	41,731
Derivative financial instruments	12	67,575	62,090
Other financial assets	13	1,035,275	923,843
Property, plant and equipment	14	267,034	293,258
Intangible assets	15	765,205	749,125
Deferred tax assets	5	10,176	-
Total non-current assets		**3,320,907**	**3,349,953**
Total assets		**5,654,336**	**5,786,684**
CURRENT LIABILITIES			
Trade and other payables	16	516,775	615,551
Derivative financial instruments	12	51,313	30,796
Interest bearing loans and borrowings	17	180,750	284,632
Deferred income	19	128,700	108,318
Current tax liabilities		129,883	94,865
Provisions	18	138,306	105,213
Total current liabilities		**1,145,727**	**1,239,375**
NON-CURRENT LIABILITIES			
Trade and other payables	16	-	170
Interest bearing loans and borrowings	17	1,074,720	1,561,799
Derivative financial instruments	12	72,324	118,710
Deferred tax liabilities	5	307,988	267,386
Provisions	18	1,446	2,044
Deferred income	19	16,797	17,377
Total non-current liabilities		**1,473,275**	**1,967,486**
Total liabilities		**2,619,002**	**3,206,861**
Net assets		**3,035,334**	**2,579,823**
EQUITY			
Contributed equity	20	2,630,352	2,624,102
Reserves	21	(597,434)	(710,120)
Retained earnings	22	990,053	654,523
Total equity attributable to equity holders of the Company		**3,022,971**	**2,568,505**
Non-controlling interest		12,363	11,318
Total equity		**3,035,334**	**2,579,823**

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

YEAR ENDED 30 JUNE 2013	Note	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2012		**2,624,102**	**(710,120)**	**654,523**	**2,568,505**	**11,318**	**2,579,823**
Profit for the year		-	-	486,417	486,417	2,188	488,605
Net change in fair value of available-for-sale financial assets	21	-	111,220	-	111,220	-	111,220
Cash flow hedges: effective portion of changes in fair value	21	-	(49,761)	-	(49,761)	-	(49,761)
Foreign currency differences for foreign operations	21	-	76,297	-	76,297	252	76,549
Income tax on items of other comprehensive income	21	-	(26,150)	-	(26,150)	-	(26,150)
Total comprehensive income for the year		**-**	**111,606**	**486,417**	**598,023**	**2,440**	**600,463**
Transactions with owners recognised directly in equity							
Ordinary dividends paid	6	-	-	(123,114)	(123,114)	(1,395)	(124,509)
TELYS4 dividends paid	6	-	-	(27,773)	(27,773)	-	(27,773)
Issue of ordinary shares related to exercise of options	20	6,250	-	-	6,250	-	6,250
Share based payments expense	21	-	1,080	-	1,080	-	1,080
Total transactions with owners recognised directly in equity		**6,250**	**1,080**	**(150,887)**	**(143,557)**	**(1,395)**	**(144,952)**
Total movement in equity for the year		**6,250**	**112,686**	**335,530**	**454,466**	**1,045**	**455,511**
Balance at 30 June 2013		**2,630,352**	**(597,434)**	**990,053**	**3,022,971**	**12,363**	**3,035,334**

YEAR ENDED 30 JUNE 2012	Note	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2011		**2,615,852**	**(714,807)**	**632,287**	**2,533,332**	**148,590**	**2,681,922**
Profit for the year		-	-	165,933	165,933	10,815	176,748
Net change in fair value of available-for-sale financial assets	21	-	4,552	-	4,552	-	4,552
Cash flow hedges: effective portion of changes in fair value	21	-	38,286	-	38,286	-	38,286
Foreign currency differences for foreign operations	21	-	38,749	-	38,749	-	38,749
Income tax on items of other comprehensive income	21	-	(15,803)	-	(15,803)	-	(15,803)
Total comprehensive income for the year		**-**	**65,784**	**165,933**	**231,717**	**10,815**	**242,532**
Transactions with owners recognised directly in equity							
Ordinary dividends paid	6	-	-	(110,488)	(110,488)	-	(110,488)
TELYS4 dividends paid	6	-	-	(33,209)	(33,209)	-	(33,209)
Issue of ordinary shares related to exercise of options	20	8,250	-	-	8,250	-	8,250
Acquisition of non-controlling interests	21	-	(63,455)	-	(63,455)	(148,087)	(211,542)
Share based payments expense	21	-	2,358	-	2,358	-	2,358
Total transactions with owners recognised directly in equity		**8,250**	**(61,097)**	**(143,697)**	**(196,544)**	**(148,087)**	**(344,631)**
Total movement in equity for the year		**8,250**	**4,687**	**22,236**	**35,173**	**(137,272)**	**(102,099)**
Balance at 30 June 2012		**2,624,102**	**(710,120)**	**654,523**	**2,568,505**	**11,318**	**2,579,823**

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

Consolidated Cash Flow Statement

	Note	2013 $'000	2012 $'000
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
Receipts from customers		5,368,589	4,726,707
Payments to suppliers and employees		(4,433,393)	(4,819,946)
Dividends received from equity accounted investees		49,616	25,626
Other dividends received		41,335	38,798
Interest and other items of a similar nature received		13,136	4,371
Interest and other costs of finance paid		(115,049)	(109,677)
Income taxes (paid)/received		(102,334)	19,040
Net operating cash flows	32b	**821,900**	**(115,081)**
CASH FLOWS RELATED TO INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment		(50,680)	(81,854)
Proceeds from sale of property, plant and equipment		41,192	9,587
Payments for purchase of intangible assets		(4,474)	(3,154)
Acquisition of non-controlling interests		-	(197,680)
Consideration for business combinations, net of cash acquired	26	26,412	(422,461)
Proceeds from sale of subsidiary, net of cash disposed	27	9,100	164,028
Acquisition of equity accounted investees		(182,353)	(83,767)
Proceeds from sale of shares in equity accounted investees		491,270	1,989
Payments for other investments		(80,607)	(21,119)
Proceeds from sale of other financial assets		111,102	29,910
Other		119	2,010
Net investing cash flows		**361,081**	**(602,511)**
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
Proceeds from issue of shares - Seven Group Holdings Limited	20	6,250	8,250
Proceeds from issue of shares - subsidiaries		-	2,000
Ordinary dividends paid	6	(124,509)	(110,488)
TELYS4 dividends paid	6	(27,773)	(33,209)
Repayment of funding received from associate		18,554	-
Proceeds from borrowings		842,478	1,933,575
Repayment of borrowings		(1,486,630)	(1,018,759)
Net financing cash flows		**(771,630)**	**781,369**
Net increase in cash and cash equivalents		**411,351**	**63,777**
Cash and cash equivalents at beginning of year	32a	127,749	65,244
Effect of exchange rate changes on cash and cash equivalents		3,008	(1,272)
Cash and cash equivalents at end of the year	32a	**542,108**	**127,749**

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Seven Group Holdings Limited (the "Company") is a company domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange ('ASX'). The company was incorporated on 12 February 2010. These consolidated financial statements cover the year ended 30 June 2013 and comprise the Company and its subsidiaries (together referred to as the "Group"), and the Group's interest in associates and jointly controlled entities. The financial report was authorised for issue in accordance with a resolution of the Directors on 13 September 2013.

(A) BASIS OF PREPARATION

The financial report is a general purpose report which has been prepared in accordance with the Australian Accounting Standards (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 prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and investments in available-for-sale assets.

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

Certain comparative amounts in this financial report have been reclassified to conform to the current year's presentation.

(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 which the Group had control. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

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

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

ii) Associates and jointly controlled entities

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) PRINCIPLES OF CONSOLIDATION (CONTINUED)

ii) Associates and jointly controlled entities (continued)

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

(C) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

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

(ii) Transactions

Foreign currency transactions are translated into the respective functional currencies of Group entities using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity such as for 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 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) Revenue from product sales
Revenue from product sales is recognised upon the delivery of goods to customers:
- when risks and rewards have been transferred which is considered to occur upon the delivery of goods to customers; and
- there is no significant unfulfilled obligation that could affect the customer's acceptance of the products.

(ii) Revenue from product support
Revenue from product support is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised under the percentage of completion method, based on the actual services provided as a proportion of the total services to be provided.

(iii) 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.

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

(v) Other revenue
Other revenue comprises sundry income and is earned when goods and services are rendered.

(vi) Dividend income
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.

(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 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 recognised 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 exposures

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Seven Group Holdings Limited.

(F) BUSINESS COMBINATIONS

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 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)

(F) BUSINESS COMBINATIONS (CONTINUED)

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, stamp duties and other professional and consulting fees, are expensed as incurred.

(G) 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.

The recoverable amount of an asset or cash generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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.

(H) 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.

(I) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(J) INVENTORIES

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

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

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

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

(K) 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, principally comprising 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

Recognition and de-recognition

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

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

Subsequent measurement

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

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

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 the fair value reserve.

(L) DERIVATIVES

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

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

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

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) DERIVATIVES (CONTINUED)

(i) Fair value hedges

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

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

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within other income or other expenses.

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

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the profit or loss.

(iii) Derivatives that do not qualify for hedge accounting

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

(M) 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	40 years
Plant and equipment	2 – 12 years
Leasehold improvements	1 – 25 years
Leased plant and equipment	2 – 12 years

Rental fleet assets, are depreciated on a reducing balance method at a rate of 30%.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(G)).

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.

(N) 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) Distribution networks

The distribution networks of the Group are considered by the directors to be identifiable intangible assets.

The directors are of the opinion that the distribution networks have an indefinite useful life, and as such the distribution networks are not subject to amortisation but rather are 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.

(O) 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.

(P) 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 on a net basis against borrowings 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(Q) PROVISIONS

Provisions for restructuring costs, 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.

(R) 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) 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. Refer to Note 30 for further information regarding the share based payment schemes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(S) 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.

(T) 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.

(U) 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.

(V) 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 to assess its performance 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.

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

(W) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(X) FINANCE INCOME AND COSTS

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

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

(Y) NEW ACCOUNTING STANDARDS

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these consolidated financial statements. The consolidated entity has reviewed the impact of the adoption of AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements and AASB 12 Disclosures of Interests in Other Entities. These are not expected to have a significant effect on the consolidated financial statements. AASB 13 Fair Value Measurement amends the valuation of certain financial instruments held by the consolidated entity. The consolidated entity is currently assessing the impact of this standard.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

- income tax: the Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken for which the ultimate tax determination is uncertain. Assumptions are made about the application of income tax legislation. These assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances will alter expectations which may impact the amount of deferred tax assets recorded in the statement of financial position. In these circumstances the carrying amount of deferred tax assets may change impacting the profit or loss of the Group.

- impairment of intangible assets: the Group tests annually whether goodwill and distribution networks have suffered any impairment, in accordance with the Group's accounting policy. The recoverable amounts of cash-generating units have been determined based on their value-in-use or fair value less costs to sell, and using discounted cash-flow model calculations. These calculations require the use of assumptions. Refer to Note 15 for further information on intangible assets.

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

3. OPERATING SEGMENTS

REPORTABLE SEGMENTS

Identification of reportable segments

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

The operating segments are identified by management based on the manner in which products are sold, the nature of services provided and country of origin.

- WesTrac Australia - WesTrac Australia is the authorised Caterpillar dealer in Western Australia, New South Wales and the Australian Capital Territory, providing heavy equipment sales and support to customers.
- WesTrac China - WesTrac China is the authorised Caterpillar dealer in the North Eastern China provinces of Hebei, Liaoning, Heilongjiang, Jilin, Shanxi, Inner Mongolia and the municipalities of Beijing and Tianjin, providing heavy equipment sales and support to customers.
- AllightSykes - represents the Group's operations in the manufacture, assembly, sales and support of lighting, power generation and dewatering equipment as well as distribution of Perkins engines, via National Hire's investment in Allight Holdings Pty Ltd and The Sykes Group.
- Coates Hire - represents the Group's equity accounted investment in Coates Group Holdings Pty Limited. Coates Hire is Australia's largest equipment hire company and provides a full range of general and specialist equipment to a wide variety of markets including engineering, building construction & maintenance, mining & resources, manufacturing, government and events.
- Media investments - relates to investments in listed and unlisted media organisations, including but not limited to, Seven West Media Limited and Consolidated Media Holdings Limited (up to disposal on 21 November 2012).
- Other investments - incorporates listed investments, property, operations in broadband (up until the sale of vividwireless in June 2012) and telephony (up until the sale of Engin in September 2012).

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

Accounting policies

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

YEAR ENDED 30 JUNE 2013	WesTrac [e] Australia $'000	WesTrac China $'000	Allight [e] Sykes $'000	Coates Hire $'000	Media [c] investments $'000	Other investments $'000	Total $'000
Segment revenue							
Sales to external customers	4,105,593	484,454	155,822	-	-	5,761	4,751,630
Segment result							
Segment earnings before interest, tax, depreciation and amortisation (EBITDA) [(a)(d)]	497,273	5,642	3,456	47,778	105,835	37,761	697,745
Depreciation and amortisation	(50,596)	(8,095)	(4,025)	-	-	(470)	(63,186)
Segment earnings before interest and tax (EBIT) [(b)(d)]	**446,677**	**(2,453)**	**(569)**	**47,778**	**105,835**	**37,291**	**634,559**
Other segment information							
Capital expenditure	(43,627)	(1,745)	(6,132)	-	-	(3,650)	(55,154)
Share of results of equity accounted investees included in segment EBIT (excluding significant items) [(d)]	2,948	(203)	-	43,128	79,245	-	125,118
Impairment of assets recognised in profit or loss	(9,464)	-	-	-	77,851	-	68,387

3. OPERATING SEGMENTS (CONTINUED)

YEAR ENDED 30 JUNE 2013	WesTrac Australia $'000	WesTrac China $'000	Allight Sykes $'000	Coates Hire $'000	Media investments $'000	Other investments $'000	Total $'000
Balance sheet							
Investments accounted for using the equity method	24,229	3,969	-	430,221	670,628	44,825	1,173,872
Other segment assets	1,870,729	702,078	151,233	-	318,607	807,145	3,849,792
Segment assets	**1,894,958**	**706,047**	**151,233**	**430,221**	**989,235**	**851,970**	**5,023,664**
Segment liabilities	**(581,480)**	**(140,104)**	**(23,669)**	**-**	**-**	**(20,358)**	**(765,611)**

YEAR ENDED 30 JUNE 2012	WesTrac Australia $'000	WesTrac China $'000	Allight Sykes $'000	Coates Hire $'000	Media investments $'000	Other investments $'000	Total $'000
Segment revenue							
Sales to external customers	3,530,037	670,312	210,329	-	-	56,729	4,467,407
	3,530,037	**670,312**	**210,329**	**-**	**-**	**56,729**	**4,467,407**
Segment result							
Segment earnings before interest, tax, depreciation and amortisation (EBITDA) [(a)(d)]	427,214	17,056	12,342	58,268	116,083	29,980	660,943
Depreciation and amortisation	(40,132)	(8,644)	(3,066)	-	-	(24,854)	(76,696)
Segment earnings before interest and tax (EBIT) [(b)(d)]	**387,082**	**8,412**	**9,276**	**58,268**	**116,083**	**5,126**	**584,247**
Other segment information							
Capital expenditure	(61,647)	(9,905)	(8,109)	-	-	(5,347)	(85,008)
Share of results of equity accounted investees included in segment EBIT (excluding significant items) [(d)]	5,120	716	-	56,268	92,161	578	154,843
Impairment of assets recognised in profit or loss	-	-	-	-	(416,890)	(300)	(417,190)
Balance sheet							
Investments accounted for using the equity method	21,281	2,041	-	386,347	825,396	44,841	1,279,906
Other segment assets	2,250,132	823,338	208,620	-	280,050	729,787	4,291,927
Segment assets	**2,271,413**	**825,379**	**208,620**	**386,347**	**1,105,446**	**774,628**	**5,571,833**
Segment liabilities	**(553,231)**	**(170,069)**	**(56,242)**	**-**	**-**	**(23,962)**	**(803,504)**

3. OPERATING SEGMENTS (CONTINUED)

Reconciliation of segment EBIT to net profit before tax per consolidated income statement	2013 $'000	2012 $'000
Segment net operating profit before net finance costs and tax (EBIT)	634,559	584,247
Corporate operating costs and transaction related costs	(11,725)	(46,777)
Gain on sale of property, plant and equipment	29,430	-
Net gain on sale of investments and equity accounted investees	65,924	8,911
Net gain on sale of subsidiary	8,364	129,786
Share of significant items relating to results from equity accounted investees	(9,613)	8,176
Fair value movement of derivatives	(10,440)	(18,167)
Impairment reversal/(impairment) of equity accounted investees	77,851	(416,890)
Impairment of non-current assets	(9,464)	(300)
Restructuring and redundancy costs	(54,613)	(3,131)
Net finance costs	(97,341)	(113,030)
Profit before tax per consolidated income statement	622,932	132,825

Reconciliation of segment operating assets to total assets per statement of financial position	2013 $'000	2012 $'000
Segment operating assets	5,023,664	5,571,833
Corporate cash holdings	542,108	127,749
Deferred tax assets	10,176	-
Derivative financial instruments	71,861	72,473
Assets held at corporate level	6,527	14,629
Total assets per statement of financial position	5,654,336	5,786,684

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 $3,252,852,000 (2012: $2,671,674,000). The total of non-current assets located in China is $611,261,000 (2012: $616,189,000). Segment assets are allocated to countries based on where the assets are located.

Reconciliation of segment operating liabilities to total liabilities per statement of financial position	2013 $'000	2012 $'000
Segment operating liabilities	(765,611)	(803,504)
Liabilities held at corporate level	(36,413)	(45,169)
Derivative financial instruments	(123,637)	(149,506)
Current interest bearing loans and borrowings	(180,750)	(284,632)
Non current interest bearing loans and borrowings	(1,074,720)	(1,561,799)
Current tax liabilities	(129,883)	(94,865)
Deferred tax liabilities	(307,988)	(267,386)
Total liabilities per statement of financial position	(2,619,002)	(3,206,861)

(a) Segment EBITDA comprises profit before depreciation and amortisation, net finance costs, tax, gain on sale of property, plant and equipment, net gain on sale of investments, equity accounted investees and subsidiary, impairment reversal/impairment of equity accounted investees, fair value unwind of deferred consideration in finance income, impairment of non-current assets, fair value movement of derivatives, restructuring and redundancy costs, transaction costs related to acquisitions and share of results from equity accounted investees attributable to significant items.

(b) Segment EBIT comprises profit before net finance costs, tax, gain on sale of property, plant and equipment, net gain on sale of investments, equity accounted investees and subsidiary, impairment reversal/impairment of equity accounted investees, fair value unwind of deferred consideration in finance income, impairment of non-current assets, fair value movement of derivatives, restructuring and redundancy costs, transaction costs related to acquisitions and share of results from equity accounted investees attributable to significant items.

(c) Media investments comprise investments accounted for using the equity method and available-for-sale financial assets.

(d) Coates Hire segment EBITDA, EBIT and share of results of equity accounted investees excludes share of results from equity accounted investees attributable to significant items.

(e) WesTrac Australia and AllightSykes results above have been reduced in relation to the elimination of sales to Coates Hire, due to the Group's 45% interest in Coates Hire.

4. NET FINANCE EXPENSE

	2013 $'000	2012 $'000
FINANCE INCOME		
Interest income on bank deposits	11,218	3,930
Fair value unwind of deferred consideration	11,500	-
Other	1,288	535
Total finance income	**24,006**	**4,465**
FINANCE COSTS		
Interest expense	(109,565)	(107,904)
Borrowing costs	(11,782)	(9,591)
Total finance costs	**(121,347)**	**(117,495)**
Net finance expense	**(97,341)**	**(113,030)**

5. INCOME TAX

	Note	2013 $'000	2012 $'000
INCOME TAX (EXPENSE)/BENEFIT			
Current tax expense:			
Current period		(153,675)	(85,282)
Adjustment for prior periods		24,083	(3,389)
		(129,592)	**(88,671)**
Deferred tax (expense)/benefit due to origination and reversal of temporary differences		(4,735)	132,594
Total income tax (expense)/benefit in statement of comprehensive income		**(134,327)**	**43,923**
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX ACCOUNTING PROFITS:			
Income tax using the domestic corporation tax rate 30%		(186,879)	(39,847)
Recognition of deferred tax asset on capital losses, not previously recognised [1]		739	25,229
Remeasurement of deferred tax assets and deferred tax liabilities		11,161	22,825
Franked dividends		21,270	35,732
Share of associates' net profit		884	11,644
Non-assessable tax group income		-	771
Non-deductible tax group expenses		(3,286)	(9,408)
Other assessable income		(2,246)	-
Under provided in prior periods		24,083	(3,389)
Difference in overseas tax rates		(53)	367
Income tax (expense)/benefit		**(134,327)**	**43,923**
DEFERRED INCOME TAX RECOGNISED DIRECTLY IN EQUITY			
Relating to available-for-sale financial assets	21	(43,127)	(5,841)
Relating to cash flow hedge reserve	21	16,977	(9,962)
Relating to acquisition of non-controlling interests	21	-	(16,609)
Relating to foreign currency translation reserve	21	950	584
Total deferred income tax recognised directly in equity		**(25,200)**	**(31,828)**

(1) Prior year capital and revenue losses where deferred tax asset not previously recognised, were utilised in the comparative year.

5. INCOME TAX (CONTINUED)

DEFERRED TAX ASSETS & LIABILITIES

YEAR ENDED 30 JUNE 2013	Opening balance $'000	Recognised in profit $'000	Recognised in equity $'000	Other[(2)] $'000	Closing balance $'000
Investments	(298,017)	(27,819)	(43,127)	-	(368,963)
Derivative financial instruments	(11,955)	(6,809)	16,977	-	(1,787)
Inventories and receivables	7,292	24,858	-	-	32,150
Intangible assets	(17,983)	(1,513)	-	-	(19,496)
Property, plant & equipment	(6,446)	3,441	-	-	(3,005)
Trade & other payables	30,317	1,568	-	(246)	31,639
Prepayments	(153)	585	-	-	432
Provisions	19,978	105	-	(245)	19,838
Transaction costs deducted over 5 years	6,544	(2,168)	-	-	4,376
Other	3,037	3,017	950	-	7,004
Net tax liability	**(267,386)**	**(4,735)**	**(25,200)**	**(491)**	**(297,812)**
Deferred tax asset					10,176
Deferred tax liability					(307,988)
Net deferred tax liability					**(297,812)**

(2) Relates to deferred tax balances previously recognised by a Group subsidiary sold during the year.

YEAR ENDED 30 JUNE 2012	Opening balance $'000	Recognised in profit $'000	Recognised in equity $'000	Other $'000	Closing balance $'000
Investments	(394,800)	112,837	(16,054)	-	(298,017)
Derivative financial instruments	(13,234)	11,241	(9,962)	-	(11,955)
Inventories and receivables	(14,403)	15,732	5,963	-	7,292
Intangible assets	(4,808)	35	(13,210)	-	(17,983)
Property, plant & equipment	(12,674)	6,030	198	-	(6,446)
Trade & other payables	7,715	22,602	-	-	30,317
Prepayments	12,498	(12,651)	-	-	(153)
Provisions	37,217	(17,239)	-	-	19,978
Transaction costs deducted over 5 years	13,509	(6,965)	-	-	6,544
Other	828	972	1,237	-	3,037
Net tax liability	**(368,152)**	**132,594**	**(31,828)**	**-**	**(267,386)**
Deferred tax asset					-
Deferred tax liability					(267,386)
Net deferred tax liability					**(267,386)**

As at 30 June 2013, the Group had not recognised deferred tax assets of $120,899,000 (2012: $114,948,000) for deductible temporary differences relating to unrealised capital losses as it was not probable that future capital gains will be realised against which it could utilise the benefits.

As at 30 June 2013, the Group had not recognised deferred tax liabilities of $1,525,000 (2012: $1,525,000) in respect of assessable temporary differences in relation to investments where management controls the timing of reversal of the temporary difference and the temporary difference is not expected to reverse in the foreseeable future.

The Company and a number of its wholly owned subsidiaries are the subject of risk reviews by Australian and overseas taxation authorities. These reviews are in the ordinary course of business and are currently in their early stages.

6. DIVIDENDS

YEAR ENDED 30 JUNE 2013	Date of payment	Franked / unfranked	Amount per share	Total $'000
DIVIDENDS PAID				
Ordinary shares				
Final dividend in respect of 2012 year	12-Oct-12	Franked	$ 0.20	61,482
Interim dividend	12-Apr-13	Franked	$ 0.20	61,632
				123,114
Transferable Extendable Listed Yield Shares ("TELYS4")				
Dividend	30-Nov-12	Franked	$ 2.81	13,948
Dividend	31-May-13	Franked	$ 2.79	13,825
				27,773
Subsequent event				
Current period final dividend on ordinary shares proposed but not provided				
Ordinary shares				
Final dividend in respect of 2013 year		Franked	$ 0.20	61,632
Balance of franking account at 30%				111,587

YEAR ENDED 30 JUNE 2012	Date of payment	Franked / unfranked	Amount per share	Total $'000
DIVIDENDS PAID				
Ordinary shares				
Final dividend in respect of 2011 year	14-Oct-11	Franked	$ 0.18	55,154
Interim dividend	13-Apr-12	Franked	$ 0.18	55,334
				110,488
Transferable Extendable Listed Yield Shares ("TELYS4")				
Dividend	30-Nov-11	Franked	$ 3.48	17,272
Dividend	31-May-12	Franked	$ 3.21	15,937
				33,209
Ordinary shares				
Final dividend in respect of 2012 year	12-Oct-12	Franked	$ 0.20	61,482
Balance of franking account at 30%				50,148

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 $26,414,000 (2012: $26,349,000).

7. EARNINGS PER SHARE

	2013 $'000	2012 $'000
EARNINGS RECONCILIATION		
Net profit attributable to equity holders of the Company	486,417	165,933
Allocated earnings to category of share:		
- Ordinary shares	458,784	133,287
- TELYS4	27,633	32,646
	486,417	**165,933**
Weighted average number of shares		
Number for basic earnings per share:		
- Ordinary shares	307,630,144	306,719,024
- TELYS4	4,963,640	4,963,640
Effect of share options on issue:		
- Ordinary shares	-	119,148
Number for diluted earnings per share:		
- Ordinary shares	307,630,144	306,838,172
- TELYS4	4,963,640	4,963,640
Statutory earnings per share		
Ordinary shares - total earnings per share from continuing operations:		
- Basic ($)	1.49	0.43
- Diluted ($)	1.49	0.43
TELYS4 - total earnings per TELYS4:		
- Basic ($)	5.57	6.58
- Diluted ($)	5.57	6.58

Of the 3,500,000 (2012: 4,250,000) options exercisable at 30 June 2013, none (2012: 1,500,000) are dilutive. The weighted average number of dilutive shares is nil (2012: 119,148). As at 30 June 2013, 3,500,000 (2012: 2,750,000) options were anti-dilutive and have not been included in the above diluted earnings per share calculation.

7. EARNINGS PER SHARE (CONTINUED)

UNDERLYING EARNINGS PER SHARE FROM CONTINUING OPERATIONS	2013 $'000	2012 $'000
Ordinary shares - total underlying earnings per share from continuing operations [(a)(b)]		
- Basic ($)	1.20	0.98
- Diluted ($)	1.20	0.98

(a) Underlying earnings per share from continuing operations is statutory earnings per share less significant items. Significant items is comprised of gain on sale of property, plant and equipment, net gain on sale of investments, equity accounted investees and subsidiary, impairment reversal/impairment of equity accounted investees, fair value unwind of deferred sale proceeds in finance income, impairment of non-current assets, fair value movement of derivatives, restructuring and redundancy costs, transaction costs related to acquisitions, share of results from equity accounted investees attributable to significant items and any income tax expense/benefit of significant items.

(b) The weighted average number of shares used to calculate underlying earnings per share is the same as the weighted average number of shares used to calculate statutory earnings per share.

Underlying earnings from continuing operations is a non-IFRS measure and is reconciled to statutory profit as follows:

	2013 $'000	2012 $'000
Net profit attributable to equity holders of the Company	486,417	165,933
Significant items:		
Add: impairment of non-current assets	9,464	300
Add: fair value movement of derivatives	10,440	18,167
Add: restructuring and redundancy costs	54,613	3,131
Add: transaction costs related to acquisition of Bucyrus	-	15,600
Add: share of results from equity accounted investees attributable to significant items	9,613	(8,176)
Less: gain on sale of property, plant and equipment	(29,430)	-
Less: net gain on sale of investments and equity accounted investees	(65,924)	(8,911)
Less: net gain on sale of subsidiary	(8,364)	(129,786)
Less: impairment (reversal)/impairment of equity accounted investees	(77,851)	416,890
Less: fair value unwind of deferred consideration in finance income	(11,500)	-
Less: income tax expense/(benefit)	19,187	(140,734)
Underlying net profit attributable to equity holders of the Company	396,665	332,414
Allocated underlying earnings to category of share:		
- Ordinary shares	369,032	299,768
- TELYS4	27,633	32,646
	396,665	**332,414**

8. TRADE AND OTHER RECEIVABLES

	2013 $'000	2012 $'000
CURRENT		
Trade receivables	621,309	832,685
Receivables due from associates	8,177	16,403
Other receivables	100,399	38,425
Provision for impairment loss	(10,076)	(8,718)
	719,809	**878,795**
NON-CURRENT		
Receivables due from associates	1,770	1,250
Other receivables	-	40,481
	1,770	**41,731**

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

9. INVENTORIES

	2013 $'000	2012 $'000
CURRENT		
Raw materials - at cost	37,013	30,827
Work-in-progress - at cost	42,261	56,096
Finished goods		
- at cost	914,710	1,279,889
- at net realisable value	56,506	17,778
Total finished goods	971,216	1,297,667
Total inventories	**1,050,490**	**1,384,590**

10. OTHER CURRENT ASSETS

	2013 $'000	2012 $'000
Prepayments	16,736	35,214
	16,736	**35,214**

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2013 $'000	2012 $'000
Investments in associates and jointly controlled entities	1,173,872	1,279,906

Investee	Principal activities	Country of incorporation	Balance date	Ownership interest	Ownership interest
EQUITY ACCOUNTED INVESTMENTS AND JOINTLY CONTROLLED ENTITIES					
Apac Energy Rental Pte Limited	Rental services	Singapore	31-Dec	20.0%	20.0%
Consolidated Media Holdings Limited*	Media	Australia	30-Jun	-	25.3%
Energy Power Systems Australia Pty Ltd	Distribution and rental of CAT engine products	Australia	30-Jun	40.0%	40.0%
Flagship Property Holdings Pty Limited	Property management	Australia	31-Dec	46.8%	46.8%
Lot 102 Developments Pty Ltd	Property ownership	Australia	30-Jun	40.0%	40.0%
Lot 102 Development Unit Trust	Property ownership	Australia	30-Jun	40.0%	40.0%
Mo's Mobiles Pty Limited	Mobile phone retailer	Australia	30-Jun	25.0%	25.0%
Premier Capital Developments Pty Limited	Property management	Australia	30-Jun	25.0%	25.0%
Revy Investments Pty Limited	Property ownership	Australia	30-Jun	25.0%	25.0%
Revy Investments Trust	Property ownership	Australia	30-Jun	25.0%	25.0%
Coates Group Holdings Pty Limited**	Rental services	Australia	30-Jun	45.0%	45.0%
Seven West Media Limited	Media	Australia	29-Jun	35.3%	33.2%

* - holding sold on 21 November 2012 as part of Consolidated Media Holdings Limited Scheme of Arrangement.

** - the Group has determined its economic interest in Coates Group Holdings Pty Limited to be 45% after considering vesting conditions for options issued under Coates Group's Management Equity Plan.

	ASSOCIATED AND JOINTLY CONTROLLED ENTITIES	
	2013 $'000	2012 $'000
SHARE OF INVESTEES' NET PROFIT		
Share of operating profit before tax	159,745	211,676
Share of income tax expense	(44,240)	(48,657)
Share of net profit of equity accounted investees	**115,505**	**163,019**

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

	2013 $'000	2012 $'000
SUMMARISED FINANCIAL INFORMATION OF INVESTEES (100% BASIS)		
Revenues [(a)]	3,472,324	3,648,332
Expenses [(a)]	(3,302,095)	(3,044,428)
Profit before tax	**170,229**	**603,904**
Current assets [(b)]	1,391,224	1,326,882
Non-current assets [(b)]	7,005,161	7,970,654
Total assets	**8,396,385**	**9,297,536**
Current liabilities [(b)]	994,768	972,269
Non-current liabilities [(b)]	3,297,071	4,272,009
Total liabilities	**4,291,839**	**5,244,278**
Net assets as reported by investees	**4,104,546**	**4,053,258**

(a) the above revenue and expenses relates to 100% of the investees full year results for the year ended 30 June 2013 for the period of ownership.
(b) the above assets and liabilities relate to investments in equity accounted investees held by the Group at 30 June.

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

YEAR ENDED 30 JUNE 2013	Book value $'000	Market value $'000
MARKET VALUES OF LISTED INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Seven West Media Limited [(a)(b)]	670,628	670,628

YEAR ENDED 30 JUNE 2012	Book value $'000	Market value $'000
MARKET VALUES OF LISTED INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Consolidated Media Holdings Limited [(b)]	439,949	479,879
Seven West Media Limited [(a)(b)]	385,447	385,447

(a) in addition to the equity accounted investment shown above, the company holds 2,500 convertible preference shares in Seven West Media Limited with a carrying value of $276,489,000 (2012: $252,944,000) included in other financial assets.
(b) impairment reversals/(charges) for the following listed investments accounted for using the equity method were recognised in profit or loss during the year ended 30 June 2013:

IMPAIRMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	2013 $'000	2012 $'000
Consolidated Media Holdings Limited	-	66,578
Seven West Media Limited	77,851	(483,468)
Total impairment reversal/(impairment) of investments accounted for using the equity method	**77,851**	**(416,890)**

The Group received dividends of $49,616,000 from its investments in equity accounted investees during the year ended 30 June 2013 (2012: $112,384,000). All $49,616,000 (2012: $25,626,000) was received in cash. In 2011, the balance received in the form of additional shares as a result of participation in a dividend reinvestment plan.

Sale of investment in Consolidated Media Holdings
On 21 November 2012, the Group sold its interest in Consolidated Media Holdings Limited ("CMH") as part of a scheme of arrangement by News Pay TV Financing Pty Ltd, a 100% owned subsidiary of News Corporation ("News") to acquire all of the ordinary shares in CMH.

The Group received total proceeds of $491,270,000 and recognised a net gain on sale of $50,055,000 in respect of the transaction.

12. DERIVATIVE FINANCIAL INSTRUMENTS

	2013 $'000	2012 $'000
CURRENT ASSETS		
Forward foreign exchange contracts - cash flow hedges	4,286	10,383
NON-CURRENT ASSETS		
Cross currency swaps - cash flow hedges	67,575	62,090
CURRENT LIABILITIES		
Forward foreign exchange contracts and cross currency swaps - cash flow hedges	(49,614)	(12,629)
Other derivatives	(1,699)	(18,167)
NON-CURRENT LIABILITIES		
Forward foreign exchange contracts and cross currency swaps - cash flow hedges	(62,063)	(108,700)
Interest rate swaps - cash flow hedges	(10,261)	(10,010)
Net derivative financial instruments	**(51,776)**	**(77,033)**

The Group is a party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates, foreign exchange rates and equity prices in accordance with the Group's financial risk management policies (refer to Note 35).

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

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

(ii) Foreign exchange contracts
The Group has obligations to repay the principal amount of US Dollar denominated debt and interest thereon. The Group enters into forward foreign currency exchange contracts to hedge a portion of the US denominated debt in conjunction with cross currency swaps. 100% of US denominated debt and coupon obligations are hedged with foreign exchange derivatives.

The Group from time to time also enters into forward foreign exchange contracts to hedge certain known trading commitments denominated in US Dollars, Euros, Pounds Sterling and Japanese Yen. The terms of these commitments are generally shorter than one year.

(iii) Cross currency swaps
The Group has obligations to repay the principal and interest relating to USD denominated debt. The Group enters into cross currency swap contracts to hedge a portion of these obligations.

(iv) Other derivatives
Other derivatives comprise equity derivatives. The Group enters into equity derivatives from time to time to hedge the value of listed investments or to gain exposure to certain market sectors.

13. OTHER FINANCIAL ASSETS

	2013 $'000	2012 $'000
NON-CURRENT		
Listed equity securities (available-for-sale)	758,786	670,899
Unlisted equity securities	276,489	252,944
	1,035,275	**923,843**

Listed equity securities are designated as available-for-sale financial assets, in accordance with the Group's accounting policies. The carrying amounts are determined based on their market price at 30 June 2013. Any impairment amounts are disclosed separately unless they are not materially significant.

Due to the reduction in market values of some equity securities an aggregate impairment loss of $300,000 was recognised in the prior year in respect of other financial assets. This impairment loss was recognised as impairment of non-current assets in the Consolidated Income Statement.

The Group's exposure to credit, currency, interest rate risk and equity price risk related to other financial assets is disclosed in Note 35. Unlisted equity securities comprise convertible preference shares in Seven West Media Limited (SWM). The shares have no set conversion term but are subject to conversion rights by either the Company or SWM. In addition, SWM has the right to redeem the the shares for cash. In the ordinary course of events, the Company cannot exercise its conversion rights prior to the release date of SWM's interim results for the half year ending 31 December 2013 and SWM cannot initiate a conversion or redemption before 21 April 2016. The shares rank ahead of the SWM ordinary shares on liquidation and have no dividend rights. The price at which the shares convert into SWM ordinary shares or are redeemed for cash is dependent on the party exercising its rights. The conversion value of the convertible preference shares is adjusted by 7.143% per annum (compounded on a semi-annual basis) for the first 5 years and thereafter by 9.143% per annum until the shares are either converted or redeemed.

14. PROPERTY, PLANT AND EQUIPMENT

	2013 $'000	2012 $'000
Freehold land and buildings at cost	52,773	59,544
Accumulated depreciation	(6,631)	(5,652)
Carrying amount	**46,142**	**53,892**
Leasehold improvements at cost	63,662	61,965
Accumulated amortisation	(19,384)	(14,790)
Carrying amount	**44,278**	**47,175**
Plant and equipment at cost	439,150	409,742
Accumulated depreciation	(263,281)	(218,677)
Carrying amount	**175,869**	**191,065**
Leased plant and equipment at cost	1,970	1,952
Accumulated depreciation	(1,225)	(826)
Carrying amount	**745**	**1,126**
Total property, plant and equipment at cost	**557,555**	**533,203**
Accumulated depreciation and amortisation	**(290,521)**	**(239,945)**
Carrying amount at end of the year	**267,034**	**293,258**

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2013 $'000	2012 $'000
RECONCILIATIONS		
Reconciliations of the carrying amounts for each class of property, plant and equipment:		
Freehold land and buildings		
Freehold land and buildings at cost	59,544	58,452
Accumulated depreciation	(5,652)	(5,056)
Carrying amount at beginning of the year	**53,892**	**53,396**
Additions through acquisition of controlled entities	-	800
Additions	4,594	-
Disposals	(12,366)	-
Depreciation	(979)	(596)
Exchange differences	1,001	292
Carrying amount at end of the year	**46,142**	**53,892**
Leasehold improvements		
Freehold leasehold properties at cost	61,965	21,088
Accumulated depreciation	(14,790)	(12,192)
Carrying amount at beginning of the year	**47,175**	**8,896**
Additions through acquisition of controlled entities	-	560
Additions	1,793	40,627
Disposals	(346)	-
Depreciation	(4,594)	(2,598)
Exchange differences	250	(310)
Carrying amount at end of the year	**44,278**	**47,175**
Plant and equipment		
Plant and equipment at cost	409,742	367,107
Accumulated depreciation	(218,677)	(164,864)
Carrying amount at beginning of the year	**191,065**	**202,243**
Additions through acquisition of controlled entities	-	1,190
Additions	43,813	40,140
Disposals	(2,151)	(9,587)
Disposal of business	(612)	(35,016)
Depreciation	(44,604)	(53,813)
Exchange differences	854	1,807
Net transfer from inventory	(12,496)	44,101
Carrying amount at end of the year	**175,869**	**191,065**
Leased plant and equipment		
Leased plant and equipment at cost	1,952	862
Accumulated depreciation	(826)	(469)
Carrying amount at beginning of the year	**1,126**	**393**
Additions	480	1,087
Disposals	(124)	-
Disposal of business	(344)	-
Depreciation	(399)	(357)
Exchange differences	6	3
Carrying amount at end of the year	**745**	**1,126**

15. INTANGIBLE ASSETS

	2013 $'000	2012 $'000
Distribution network - at cost	699,434	674,754
Accumulated amortisation	-	-
Carrying amount	**699,434**	**674,754**
Intellectual property - at cost	9,703	8,317
Accumulated amortisation	(5,930)	(5,220)
Carrying amount	**3,773**	**3,097**
Customer contracts - at cost	20,951	10,875
Accumulated amortisation	(17,116)	(5,942)
Carrying amount	**3,835**	**4,933**
Goodwill - at cost	62,473	62,473
Accumulated impairment	(9,354)	-
Carrying amount	**53,119**	**62,473**
Other intangible assets - at cost	11,658	9,646
Accumulated amortisation	(6,614)	(5,778)
Carrying amount	**5,044**	**3,868**
Total intangible assets	**765,205**	**749,125**

YEAR ENDED 30 JUNE 2013	Distribution network $'000	Intellectual property $'000	Customer contracts $'000	Goodwill $'000	Spectrum licences $'000	Other [b] $'000	Total $'000
MOVEMENT IN INTANGIBLE ASSETS							
Carrying amount at beginning of year	**674,754**	**3,097**	**4,933**	**62,473**	**-**	**3,868**	**749,125**
Acquisitions from business combination[c]	(8,792)	-	9,900	-	-	-	1,108
Additions	-	1,386	-	-	-	1,980	3,366
Amortisation	-	(710)	(11,064)	-	-	(836)	(12,610)
Impairment[d]	-	-	(110)	(9,354)	-	-	(9,464)
Exchange differences	33,472	-	176	-	-	32	33,680
Carrying amount at end of year	**699,434**	**3,773**	**3,835**	**53,119**	**-**	**5,044**	**765,205**

YEAR ENDED 30 JUNE 2012	Distribution network $'000	Intellectual property $'000	Customer contracts $'000	Goodwill $'000	Spectrum licences $'000	Other [b] $'000	Total $'000
MOVEMENT IN INTANGIBLE ASSETS							
Carrying amount at beginning of year	**367,508**	**3,374**	**6,226**	**63,640**	**60,469**	**25,016**	**526,233**
Acquisitions from business combination	289,951	-	-	-	-	-	289,951
Additions	-	2,605	-	-	100	449	3,154
Other [a]	-	-	-	(1,167)	-	(21,257)	(22,424)
Amortisation	-	(3,392)	(1,472)	-	(13,802)	(666)	(19,332)
Disposal of business	-	-	-	-	(46,767)	-	(46,767)
Exchange differences	17,295	510	179	-	-	326	18,310
Carrying amount at end of year	**674,754**	**3,097**	**4,933**	**62,473**	**-**	**3,868**	**749,125**

(a) relates to the expensing of software costs in the prior year, these are included in other expenses in the Consolidated Income Statement.
(b) relates to software and brand names.
(c) relates to adjustments in finalising the acquisition accounting for Bucyrus.
(d) relates to impairment of a Group subsidiary whose operations ceased during the year.

15. INTANGIBLE ASSETS (CONTINUED)

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

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

YEAR ENDED 30 JUNE 2013	WesTrac Australia $'000	WesTrac China $'000	Allight Sykes $'000	Total $'000
Goodwill	7,324	-	45,795	53,119
Distribution network	327,038	372,396	-	699,434
	334,362	**372,396**	**45,795**	**752,553**

YEAR ENDED 30 JUNE 2012	WesTrac Australia $'000	WesTrac China $'000	Allight Sykes $'000	Total $'000
Goodwill	16,678	-	45,795	62,473
Distribution network	335,830	338,924	-	674,754
	352,508	**338,924**	**45,795**	**737,227**

Goodwill and WesTrac Australia distribution network
The recoverable amount of goodwill and the WesTrac Australia distribution network is determined based on the higher of "value-in-use" or "fair value less costs to sell" calculations. These recoverable amount 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. Post tax discount rates were applied to post tax cash flows.

Based on sensitivity analysis performed no reasonable change in these assumptions would give rise to an impairment.

WesTrac China distribution network
The recoverable amount of the WesTrac China distribution network was assessed on a fair value less costs to sell basis, estimated using discounted cash flow projections. Fifteen years of cash flows were included in the discounted cash flow model which is consistent with recent independent valuation methodologies. The recoverable amount calculations use discounted cash flow projections based on financial budgets and forecasts approved by management for the first three years, then budgeted/forecasted growth rates until the terminal year which is extrapolated at a terminal growth rate of 4%. In determining the appropriate cash flows, assumptions were made regarding discount rate, terminal value growth rates, sales growth (including market share and heavy equipment market growth) and gross margins. Post tax discount rates were applied to post tax cash flows.

The value assigned to the key assumptions represent management's assessment of assumptions that a market participant would make, including future trends in the heavy equipment market in Northern China, and were assessed by an independent valuation expert against external market data. Gross margin and sales growth assumptions vary over the 15 year cash flow period based on management forecasts and external market data forecasts.

A range of valuation outcomes were determined based on these key assumptions which supported the carrying value of the WesTrac China distribution network. The recoverable amount, based on a range of assumptions which took account of the risk of achieving management's internal budgets and forecasts, exceeded the carrying amount of the CGU by approximately US$10m. Management has identified that, based on this model, any reasonably possible negative change in certain assumptions, which include discount rates, terminal growth rates, forecast sales growth rates, forecast margins and assumed market share would individually cause the carrying amount to exceed the recoverable amount.

15. INTANGIBLE ASSETS (CONTINUED)

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

CGU	2013 Growth rate* %	2013 Discount rate (post-tax)** %	2012 Growth rate* %	2012 Discount rate (post-tax)** %
Value-in-use				
Caterpillar distribution network - Australia	3.0	9.5	3.0	11.0
AllightSykes	2.5	9.7	2.5	11.0
Fair value less cost to sell				
Caterpillar distribution network - China***	4.0	9.8	4.0	11.5

* - the weighted average growth rate used to extrapolate cash flows beyond the budget or forecast period.

** - the discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

*** - key drivers of the forecast include general growth in China's mining industry, heavy machinery volume growth, increased market share and operating margins. The growth rate of 4% represents the terminal growth rate after 15 years. The growth rate assumed for the period prior to 15 years is based on budgets and forecasts up to 2016 and then extrapolated based on forecast growth consistent with growth forecasts for the region. These percentage growth forecasts are based on the latest economic forecasts for China and do not exceed the growth forecasts for the region.

16. TRADE AND OTHER PAYABLES

	2013 $'000	2012 $'000
CURRENT		
Trade payables	384,328	458,161
Other payables	92,137	104,298
Accruals	40,310	53,092
	516,775	**615,551**
NON-CURRENT		
Trade payables and accruals	-	170
	-	**170**

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

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

17. INTEREST BEARING LOANS AND BORROWINGS

	2013 $'000	2012 $'000
CURRENT		
Interest bearing liabilities	101,305	283,985
Fixed term US dollar notes	75,472	-
Finance lease liabilities (refer Note 24)	3,973	647
	180,750	**284,632**
NON-CURRENT		
Interest bearing liabilities	469,297	942,004
Finance lease liabilities (refer Note 24)	2,807	770
Fixed term US dollar notes	609,475	627,770
Less: capitalised borrowing costs net of accumulated amortisation	(6,859)	(8,745)
	1,074,720	**1,561,799**

The current interest bearing liabilities of $101,305,000 (2012: $283,985,000) relate to the Group's working capital facilities. These liabilities are drawn from rolling short dated facilities within Australia ($11,034,000 (2012: $90,885,000)) and China ($90,271,000 (2012: $193,100,000)) and are generally reviewed annually. Of the amount drawn within Australia, $10,766,000 (2012: $19,300,000) is secured against inventory and receivables with the remaining balance being unsecured. The balance drawn from facilities located in China is unsecured.

At 30 June 2013, the Group had available borrowing facilities of $1,247,719,000 (2012: $653,600,000) and also had access to unutilised short dated lines of credit totalling $535,868,000 (2012: $191,900,000).

The Group's interest bearing liabilities had a weighted average interest rate of 7.78% (2012: 7.40%) for the year ended 30 June 2013 including margin.

17. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Interest bearing liabilities

In the prior year, the Group renegotiated its corporate syndicated loan facility to $750,000,000 with a syndicate of banks. This facility is unsecured and supported by guarantees by the Company and various subsidiaries within the Group. This facility is non-amortising and matures in 2016.

In June 2012, the Group also entered into an unsecured non-amortising five year term loan of $431,000,000 in relation to the Bucyrus acquisition.

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

Details of the fair values of each of the borrowings as well as the Group's exposure to interest rate, foreign currency and liquidity risk related to interest bearing loans and borrowings is disclosed in Note 35.

Unsecured fixed term US Private Placement Notes

The Group has issued notes denominated in US currency of USD $590,000,000 (2012: USD $590,000,000). These borrowings are hedged by a combination of forward foreign exchange and cross currency swaps. Series E (2011) USD $50,000,000 was issued and are repayable in AUD. Interest is payable half yearly in arrears and the amount and maturity of the notes, including the effective hedge position, are summarised as follows:

Notes	Agreement	2013 Amount USD $'000	2013 Spot amount AUD $'000	2012 Amount USD $'000	2012 Spot amount AUD $'000	Hedged amount AUD $'000	Interest rate (incl. margin) %	Maturity date
Series D	1999	15,000	16,173	15,000	14,719	22,628	7.87%	18-Jun-14
Series A	2006	55,000	59,299	55,000	53,969	72,368	7.40%	23-Aug-13
Series B	2006	75,000	80,863	75,000	73,594	99,088	7.48%	23-Aug-16
Series C	2006	55,000	59,299	55,000	53,969	72,598	7.50%	23-Aug-18
Series D	2006	30,000	32,345	30,000	29,438	39,282	7.53%	23-Aug-20
Series E	2006	85,000	91,644	85,000	83,407	112,241	7.56%	23-Aug-21
Series A	2011	45,000	48,518	45,000	44,157	43,838	5.59%	07-Jun-23
Series B	2011	55,000	59,299	55,000	53,969	53,580	5.51%	07-Jul-23
Series C	2011	75,000	80,863	75,000	73,594	73,064	5.42%	07-Jun-26
Series D	2011	100,000	107,816	100,000	98,126	97,418	5.44%	07-Jul-26
Series E	2011	50,000	48,828	50,000	48,828	48,828	7.96%	07-Jul-41
		640,000	**684,947**	**640,000**	**627,770**	**734,933**		

18. PROVISIONS

	2013 $'000	2012 $'000
CURRENT		
Employee benefits (refer Note 28)	51,731	47,989
Service warranties	72,895	51,950
Restructuring costs	10,742	-
Other	2,938	5,274
	138,306	**105,213**
NON CURRENT		
Employee benefits (refer Note 28)	1,446	2,044
	1,446	**2,044**

	Employee benefits $'000	Service warranties $'000	Restructuring costs $'000	Other $'000	Total $'000
MOVEMENT IN PROVISIONS					
YEAR ENDED 30 JUNE 2013					
Balance at beginning of year	**50,033**	**51,950**	**-**	**5,274**	**107,257**
Amounts provided for	43,431	59,697	10,742	2,645	**116,515**
Amounts used	(39,671)	(39,674)	-	(4,981)	**(84,326)**
Exchange differences	-	922	-	-	**922**
Disposal of business (refer to Note 27)	(616)	-	-	-	**(616)**
Balance at end of the year	**53,177**	**72,895**	**10,742**	**2,938**	**139,752**

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 warranty 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.

Restructuring costs provision relates to the WesTrac NSW/ACT redundancy costs recognised in employee benefits expense in the current year. Further information regarding the WesTrac restructure is contained in the Company's ASX release dated 28 June 2013.

Other provisions include amounts that have been provided in relation to Director's retirement benefits, worker's compensation claims and maintenance and repair contracts.

19. DEFERRED INCOME

	2013 $'000	2012 $'000
CURRENT		
Maintenance and repair contracts	32,256	13,535
Customer deposits	93,930	92,368
Other deferred income	2,514	2,415
	128,700	**108,318**
NON-CURRENT		
Deferred government grant	9,476	10,056
Other deferred income	7,321	7,321
	16,797	**17,377**

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. The terms and conditions of the funding agreement impose an obligation for the training centres in NSW and WA to be used for their intended purpose until 1 January 2023.

20. CONTRIBUTED EQUITY

	2013 $'000	2012 $'000
SHARE CAPITAL		
308,160,281 ordinary shares, fully paid (2012: 307,410,281)	2,203,187	2,196,937
4,963,640 TELYS4 preference shares, fully paid (2012: 4,963,640)	427,165	427,165
Balance at end of the year	**2,630,352**	**2,624,102**
MOVEMENTS IN ORDINARY SHARES		
Balance at beginning of year	2,196,937	2,188,687
Shares issued on exercise of options - 2 March 2012 (500,000 shares)	-	3,750
Shares issued on exercise of options - 16 March 2012 (500,000 shares)	-	4,500
Shares issued on exercise of options - 15 March 2013 (750,000 shares)	6,250	-
Balance at end of the year	**2,203,187**	**2,196,937**

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	2013 $'000	2012 $'000
Balance at 1 July	427,165	427,165
Balance at end of the year	**427,165**	**427,165**

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

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

	2013 Number	2012 Number
OPTIONS ON ORDINARY SHARES		
As at reporting date the number of options exercisable into ordinary shares was as follows:		
Options to Directors	3,500,000	4,000,000
Options to other Executives	-	250,000
	3,500,000	**4,250,000**

Details on the above options issued by the Group are detailed in the Directors Report and Note 30.

21. RESERVES

YEAR ENDED 30 JUNE 2013	Acquisitions reserve $'000	Employee equity benefits reserve $'000	Common control reserve $'000	Cash flow hedge reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Total $'000
As at 1 July 2012	**(63,455)**	**10,144**	**(642,586)**	**16,236**	**54,463**	**(84,922)**	**(710,120)**
Fair value movement on available-for-sale financial assets	-	-	-	-	111,220	-	111,220
Tax effect of net gain on available-for-sale financial assets	-	-	-	-	(43,127)	-	(43,127)
Net gain on cash flow hedges	-	-	-	(56,588)	-	-	(56,588)
Tax effect of net gain on cash flow hedges	-	-	-	16,977	-	-	16,977
Movement in reserves of associates	-	1,080	-	6,827	-	2,722	10,629
Currency translation differences	-	-	-	-	-	73,575	73,575
At 30 June 2013	**(63,455)**	**11,224**	**(642,586)**	**(16,548)**	**122,556**	**(8,625)**	**(597,434)**

YEAR ENDED 30 JUNE 2012	Acquisitions reserve $'000	Employee equity benefits reserve $'000	Common control reserve $'000	Cash flow hedge reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Total $'000
As at 1 July 2011	**-**	**7,786**	**(642,586)**	**(12,088)**	**55,752**	**(123,671)**	**(714,807)**
Fair value movement on available-for-sale financial assets	-	-	-	-	4,552	-	4,552
Tax effect of net gain on available-for-sale financial assets	-	-	-	-	(5,841)	-	(5,841)
Net gain on cash flow hedges	-	-	-	38,286	-	-	38,286
Tax effect of net gain on cash flow hedges	-	-	-	(9,962)	-	-	(9,962)
Movement in reserves of associates	-	1,963	-	-	-	-	1,963
Currency translation differences	-	-	-	-	-	38,749	38,749
Acquisition of non-controlling interests	(46,846)	-	-	-	-	-	(46,846)
Tax effect relating to acquisition of non-controlling interests	(16,609)	-	-	-	-	-	(16,609) -
Share based payment expense	-	395	-	-	-	-	395
At 30 June 2012	**(63,455)**	**10,144**	**(642,586)**	**16,236**	**54,463**	**(84,922)**	**(710,120)**

NATURE AND PURPOSE OF RESERVES

Acquisitions reserve

This reserve is used to record the difference between the fair value of consideration paid for the non-controlling interest of subsidiaries, and the book value of those subsidiaries' share of net assets at date of acquisition.

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.

21. RESERVES (CONTINUED)

Common control reserve
The acquisition of WesTrac Group by the Company during the period ended 30 June 2010 was accounted for as a common control transaction. As a consequence, the difference between the fair value of the consideration paid and the existing book values of assets and liabilities of the WesTrac Group were debited to a common control reserve. Upon disposal of all interests in WesTrac Group by the Group this reserve would be transferred to retained earnings.

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

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

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

22. RETAINED EARNINGS

	Note	2013 $'000	2012 $'000
Retained earnings at beginning of the year		654,523	632,287
Net profit attributable to members of the Company		486,417	165,933
Dividends paid	6	(150,887)	(143,697)
Retained earnings at end of the year		**990,053**	**654,523**

23. CONTINGENT LIABILITIES

	2013 $'000	2012 $'000
Contingent liabilities		
Performance guarantees [a]	30,621	22,146
Financial guarantees [b]	88,291	74,803
	118,912	**96,949**

(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. 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 2013.

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

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

24. COMMITMENTS

	2013 $'000	2012 $'000
Capital expenditure commitments		
Payable:		
Not later than one year	9,874	23,131
Finance lease commitments		
Payable:		
Not later than one year	4,231	647
Later than one year but not later than five years	2,901	810
Minimum lease payments (a)	**7,132**	**1,457**
Less future finance charges	(352)	(40)
	6,780	**1,417**
Operating lease commitments (b)		
Payable:		
Not later than one year	64,904	65,655
Later than one year but not later than five years	210,709	208,592
Later than five years	156,295	205,197
	431,908	**479,444**
Other commitments (c)		
Payable:		
Not later than one year	53,908	-
	53,908	**-**

(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 relates to the Group's commitment to invest in an unlisted investment fund.

25. CONTROLLED ENTITIES

	Notes	Country of incorporation	OWNERSHIP INTEREST 2013 %	2012 %
PARENT ENTITY				
Seven Group Holdings Limited	(a)	Australia		
SUBSIDIARIES				
Allight Holdings Pty Limited		Australia	**100**	**100**
AllightSykes Pty Limited		Australia	**100**	**100**
AllightPrimax FZCO		UAE	**100**	**100**
AllightSykes SA (Proprietary) Limited		South Africa	**100**	**100**
Allight USA Inc		USA	**100**	**100**
ATPH Pty Limited		Australia	**100**	**100**
ATP1 Pty Limited		Australia	**100**	**100**
ATP2 Pty Limited		Australia	**100**	**100**
ATP3 Pty Limited		Australia	**100**	**100**
C7 Pty Limited	(a)	Australia	**100**	**100**
Direct Target Access Pty Limited	(a)	Australia	**100**	**100**
DWB Trust		Australia	**100**	**100**
EMT Group Pty Limited		Australia	**100**	**100**
FGW Pacific Pty Limited		Australia	**100**	**100**
Kimlin Holdings Pty Limited	(e)	Australia	**100**	**100**
Liaoning WesTrac Machinery Equipment Limited		China	**100**	**100**
Manooka Holdings Pty Limited	(a)	Australia	**100**	**100**
Mibroadband Pty Limited	(g)	Australia	**-**	**100**
Miltonstar Pty Limited	(a)	Australia	**100**	**100**
Mining Equipment Spares Pty Limited		Australia	**100**	**100**
National Hire Group Limited	(c)	Australia	**100**	**100**
National Hire Facilitation Pty Limited	(c)	Australia	**100**	**100**
Network Investment Holdings Pty Limited	(a)	Australia	**100**	**100**
Primax Pumps Inc		USA	**100**	**100**
Point Pty Limited	(a)	Australia	**100**	**100**
Priority People Solutions Pty Ltd		Australia	**100**	**100**
PT. Sykesindo		Indonesia	**100**	**100**
Pump Rentals Pty Limited		Australia	**100**	**100**
Realtime Reporters Pty Limited	(e)	Australia	**100**	**100**
Seven Broadcast Properties Trust		Australia	**100**	**100**
Seven Custodians Pty Limited	(a)	Australia	**100**	**100**
Seven Entertainment Pty Limited	(d)	Australia	**100**	**100**
Seven Finance Pty Limited		Australia	**100**	**100**
Seven Media Group Pty Limited	(b)	Australia	**100**	**100**
Seven (National) Pty Limited	(c)	Australia	**100**	**100**
Seven Network Limited	(a)	Australia	**100**	**100**
Seven Network International Limited	(a)	Australia	**100**	**100**
Seven Productions Pty Limited	(a)	Australia	**100**	**100**
Seven Resources Pty Limited	(a)	Australia	**100**	**100**
Seven Network Nominees Pty Limited	(a)	Australia	**100**	**100**
Seven (WAN) Pty Limited		Australia	**100**	**100**

25. CONTROLLED ENTITIES (CONTINUED)

	Notes	Country of incorporation	OWNERSHIP INTEREST 2013 %	2012 %
Seven Network Investments Pty Limited	(a)	Australia	**100**	**100**
Seven Network (United States) Inc		USA	**100**	**100**
SGH Communications Pty Ltd	(f)	Australia	**100**	**100**
Sitech Solutions Pty Limited		Australia	**51**	**51**
Sitech (WA) Pty Limited		Australia	**51**	**51**
Sitech (Beijing) Engineering Technology Development Company Limited		China	**51**	**51**
SMG FINCO Pty Limited	(b)	Australia	**100**	**100**
SMG Executives Pty Limited		Australia	**100**	**100**
SNZ Pty Limited	(a)	Australia	**100**	**100**
Specialised Investments Pty Ltd		Australia	**100**	**100**
Sykes Group Pty Limited		Australia	**100**	**100**
Sykes New Zealand Limited		New Zealand	**100**	**100**
Sykes Fleet Services Pty Limited		Australia	**100**	**100**
Tianjin WesTrac Machinery Equipment Limited		China	**100**	**100**
Tallglen Pty Limited	(a)	Australia	**100**	**100**
Weishan (Beijing) Machinery Equipment Limited		China	**100**	**100**
WesTrac (Beijing) Machinery Equipment Limited		China	**100**	**100**
WesTrac China Limited		Hong Kong	**100**	**100**
WesTrac (China) Machinery Equipment Limited		China	**100**	**100**
WesTrac Pty Limited		Australia	**100**	**100**
WesTrac Fleet Pty Limited		Australia	**100**	**100**
WesTrac Holdings Pty Limited	(a)	Australia	**100**	**100**
WesTrac Hong Kong Limited		Hong Kong	**100**	**100**
WesTrac Inventory Pty Limited		Australia	**100**	**100**
WesTrac Machinery Distribution Pty Limited		Australia	**100**	**100**

(a) These controlled entities entered into the Deed of Cross Guarantee with the Company on 24 June 2010 under ASIC Class Order 98/1418 (as amended) dated 13 August 1998.
(b) These controlled entities entered into the Deed of Cross Guarantee with the Company via Assumption Deed on 13 May 2011.
(c) These controlled entities entered into the Deed of Cross Guarantee with the Company via Assumption Deed on 31 May 2013.
(d) These controlled entities left the Deed of Cross Guarantee with the Company via Revocation Deed on 6 May 2013.
(e) These controlled entities left the Deed of Cross Guarantee with the Company via Revocation Deed on 5 June 2013.
(f) Previously Engin Pty Limited.
(g) Entity sold on 24 September 2012 as part of the Engin voice over internet protocol (VoIP) business sale.

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.

25. CONTROLLED ENTITIES (CONTINUED)

DEED OF CROSS GUARANTEE (CONTINUED)

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 years ended 30 June 2013 and 30 June 2012 are set out below.

	2013 $'000	2012 $'000
STATEMENT OF COMPREHENSIVE INCOME		
Other income		
Other income	4,901	991
Dividend income	242,835	44,727
Total other income	**247,736**	**45,718**
Share of results from equity accounted investees	107,995	92,739
Net gain on sale of investments and equity accounted investees	65,923	7,785
Net gain on sale of subsidiary	-	129,786
Impairment of equity accounted investees	77,851	(416,890)
Fair value movement of derivatives & other financial assets	25,131	(59,893)
Expenses excluding depreciation and amortisation		
Impairment of non-current assets	-	(300)
Other expenses	(16,532)	(34,772)
Total expenses excluding depreciation and amortisation	**(16,532)**	**(35,072)**
Depreciation and amortisation	(173)	(259)
Profit/(loss) before net finance costs and tax	**507,931**	**(236,086)**
Net finance costs	(33,173)	(33,185)
Profit/(loss) before tax	**474,758**	**(269,271)**
Income tax (expense)/benefit	(19,359)	146,047
Profit/(loss) for the year	**455,399**	**(123,224)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net change in fair value of available-for-sale financial assets	104,183	79,364
Income tax on items of other comprehensive income	(31,255)	(23,809)
Total items that may be reclassified subsequently to profit or loss	**72,928**	**55,555**
Total comprehensive income/(expense) for the year	**528,327**	**(67,669)**
MOVEMENT IN RETAINED EARNINGS		
Retained profits at beginning of the year	333,271	600,192
Profit/(loss) for the year	455,399	(123,224)
Dividends paid during the year	(150,887)	(143,697)
Retained profits at end of the year	**637,783**	**333,271**

25. CONTROLLED ENTITIES (CONTINUED)

DEED OF CROSS GUARANTEE (CONTINUED)

	2013 $'000	2012 $'000
STATEMENT OF FINANCIAL POSITION		
CURRENT ASSETS		
Cash and cash equivalents	193,847	40,130
Trade and other receivables	51,421	691
Loans to related parties	3,000	3,698
Total current assets	**248,268**	**44,519**
NON-CURRENT ASSETS		
Investments in controlled entities	981,912	1,434,872
Trade and other receivables	1,712	41,731
Investments accounted for using the equity method	1,145,674	870,236
Other financial assets	742,014	670,817
Property, plant and equipment	18,783	41,367
Total non-current assets	**2,890,095**	**3,059,023**
Total assets	**3,138,363**	**3,103,542**
CURRENT LIABILITIES		
Trade and other payables	41,854	51,990
Loans from related parties	86,891	73,507
Current tax liabilities	127,360	90,752
Deferred income	315	-
Provisions	5,538	-
Derivative financial instruments	192	-
Total current liabilities	**262,150**	**216,249**
NON-CURRENT LIABILITIES		
Interest bearing loans and liabilities	423,263	771,773
Deferred tax liabilities	272,489	172,289
Provisions	1,224	7,265
Deferred income	7,321	7,321
Total non-current liabilities	**704,297**	**958,648**
Total liabilities	**966,447**	**1,174,897**
Net assets	**2,171,916**	**1,928,645**
EQUITY		
Issued capital	2,630,352	2,624,102
Reserves	(1,062,624)	(1,028,728)
Retained earnings	604,188	333,271
Total equity	**2,171,916**	**1,928,645**

26. ACQUISITIONS OF CONTROLLED ENTITIES

PRIOR YEAR ACQUISITIONS

Acquisition of Bucyrus

On 1 June 2012, the Group acquired the core business operations and assets in Western Australia, Australian Capital Territory and New South Wales from the Australian Bucyrus Group of entities owned by Caterpillar Global Mining LLC for $410,461,000. No legal entity or share capital was acquired. Bucyrus is a world leader in the design and manufacture of high productivity mining equipment for the surface and underground mining industries. In addition to machine manufacturing, Bucyrus manufactures high quality parts and provides world-class support services for their machines.

The acquisition has significantly increased the Group's market share in the mining equipment industry and complements the Group's existing mining equipment and product support range.

The acquisition accounting for the acquisition of Bucyrus has now been completed and is as follows:

Consideration	Final 2012 $'000
Cash paid	410,461
Less: working capital adjustment - settled during year ended 30 June 2013	(26,412)
Total consideration	**384,049**

Identifiable assets acquired and liabilities assumed	2012 $'000
Inventories	93,705
Property, plant and equipment	2,031
Distribution network	281,159
Customer contracts	9,900
Trade and other payables	(2,746)
Fair value of net identifiable assets	**384,049**

Goodwill on acquisition	2012 $'000
Total consideration transferred for accounting purposes at fair value	384,049
Fair value of identifiable net assets	(384,049)
Goodwill on acquisition	**-**

27. DISPOSAL OF BUSINESSES

Sale of the Engin voice over internet protocol (VoIP) business
On 24 September 2012, the Group sold its interest in the Engin VoIP business to Eftel Limited ("Eftel") for $9,100,000. Further information regarding the sale of Engin is available in the Company's ASX release dated 24 September 2012.

The Group has recognised a net gain on disposal of $8,364,000 in respect of the transaction.

Consideration	2013 $'000
Cash received	9,100
Total consideration	**9,100**

Effect of disposal on the financial position of the Group	2013 $'000
Cash and cash equivalents	(968)
Trade and other receivables	(1,613)
Inventories	(192)
Property, plant and equipment	(956)
Deferred tax assets	(491)
Trade and other payables	2,512
Interest bearing loans and borrowings	356
Provisions	616
Net assets disposed	**(736)**

Net gain on sale of subsidiary	2013 $'000
Total consideration received for accounting purposes at fair value	9,100
Net assets disposed	(736)
Net gain on sale of subsidiary	**8,364**

PRIOR YEAR DISPOSALS

Sale of vividwireless Group Limited
On 19 June 2012, the Group sold its interest in vividwireless Group Limited ("vividwireless") to Optus Mobile Pty Ltd ("Optus") for $230,000,0000. Under the terms of the sale, Optus has paid $170,000,000 in cash to the Group, with the remaining $60,000,000 to be paid on the re-issue of spectrum licences. Further information regarding the sale of vividwireless is available in the Company's press release dated 19 June 2012.

The fair value of the $60,000,000 deferred consideration receivable on a probability and discounted cash flow basis has been determined to be $51,400,000 (2012: $39,900,000). The $11,500,000 increase in fair value of the deferred consideration is recognised as finance income in the current year's Consolidated Income Statement. The deferred consideration will be received in cash once the Australian Communications and Media Authority (ACMA) re-issues vividwireless' spectrum licences.

The Group has recognised a net gain on disposal of $129,786,000 and a tax expense of $38,936,000 in the prior year in respect of the transaction.

Consideration	2012 $'000
Cash received	170,000
Fair value of deferred consideration	39,900
Total consideration	**209,900**

27. DISPOSAL OF BUSINESSES (CONTINUED)

PRIOR YEAR DISPOSALS (CONTINUED)

Sale of vividwireless Group Limited (continued)

Effect of disposal on the financial position of the Group	2012 $'000
Cash and cash equivalents	(5,972)
Trade and other receivables	(2,334)
Inventories	(737)
Property, plant and equipment	(35,016)
Intangible assets	(46,767)
Deferred tax assets	(1,754)
Trade and other payables	9,285
Provisions	3,181
Net assets disposed	**(80,114)**

Net gain on sale of subsidiary	2012 $'000
Total consideration received for accounting purposes at fair value	209,900
Net assets disposed	(80,114)
Net gain on sale of subsidiary	**129,786**

28. EMPLOYEE BENEFITS

	2013 $'000	2012 $'000
Provisions - current (refer Note 18)	51,731	47,989
Provisions - non-current (refer Note 18)	1,446	2,044
	53,177	**50,033**

Superannuation contributions

The Group makes contributions on behalf of employees to a defined contribution superannuation fund. The amount recognised as an expense was $42,255,000 for the year ended 30 June 2013 (2012: $34,472,000).

29. AUDITORS' REMUNERATION

	2013 $'000	2012 $'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	665	581
- Other assurance services	24	5
Overseas KPMG firms		
- Audit and review of financial report	157	109
Other auditors		
- Audit and review of financial reports	-	169
	846	**864**
Other services		
Auditors of the Company		
KPMG Australia		
- Other advisory services	-	215
Overseas KPMG firms		
- Other tax and advisory services	63	14
	63	**229**

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

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

30. DIRECTOR AND EXECUTIVE DISCLOSURES

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

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

Key Management Personnel
Key management personnel (KMP) comprise the Directors of the Company and the Chief Financial Officer of the Company. David Cooper was appointed Interim Chief Financial Officer on 1 March 2013 through a contract with Deloitte, replacing Andrew Harrison who ceased acting in the role on the same date. Peter Gammell was KMP during the year, but ceased being KMP on 28 June 2013.

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:

	2013 $	2012 $
Short-term employee benefits	8,486,021	8,107,005
Post-employment benefits	133,491	22,039
Termination benefits	937,212	-
Other long-term employee benefits	22,444	149,735
Share-based payments	456,779	1,014,281
	10,035,947	**9,293,060**

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

David Cooper's arrangement as interim CFO was via a consulting arrangement with Deloitte who was responsible for his remuneration. The Group did not paid any remuneration directly to David. Total fees of $144,702 were charged by Deloitte for David's services as interim CFO during the year.

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

YEAR ENDED 30 JUNE 2013

Grant date	Vesting date	Expiry date	Exercise price	Fair value of option	Held at 30 June 2012	Exercised	Held at 30 June 2013	Vested during the year	Vested and exercisable at 30 June 2013
Specified Directors									
Executive									
DJ Leckie									
28-Apr-10	30-Jun-10	30-Jun-14	$7.00	$1.21	1,500,000	-	1,500,000	-	1,500,000
28-Apr-10	30-Jun-11	30-Jun-14	$8.00	$0.98	1,000,000	-	1,000,000	-	1,000,000
28-Apr-10	30-Jun-12	30-Jun-14	$9.00	$0.79	500,000	-	500,000	-	500,000
					3,000,000	**-**	**3,000,000**	**-**	**3,000,000**
BI McWilliam									
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	-	500,000
					1,000,000	**500,000**	**500,000**	**-**	**500,000**

30. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

YEAR ENDED 30 JUNE 2012

Grant date	Vesting date	Expiry date	Exercise price	Fair value of option	Held at 30 June 2011	Exercised	Held at 30 June 2012	Vested during the year	Vested and exercisable at 30 June 2012
Specified Directors									
Executive									
DJ Leckie									
28-Apr-10	30-Jun-10	30-Jun-14	$7.00	$1.21	1,500,000	-	1,500,000	-	1,500,000
28-Apr-10	30-Jun-11	30-Jun-14	$8.00	$0.98	1,000,000	-	1,000,000	-	1,000,000
28-Apr-10	30-Jun-12	30-Jun-14	$9.00	$0.79	500,000	-	500,000	500,000	500,000
					3,000,000	**-**	**3,000,000**	**500,000**	**3,000,000**
BI McWilliam									
28-Apr-10	30-Jun-11	30-Jun-14	$8.00	$0.98	500,000	-	500,000	-	500,000
28-Apr-10	30-Jun-12	30-Jun-14	$9.00	$0.79	500,000	-	500,000	500,000	500,000
					1,000,000	**-**	**1,000,000**	**500,000**	**1,000,000**

Performance Rights granted as compensation relating to 2012 and 2013 LTI Plan

During the current and prior year, the Group offered certain specified Directors and KMP the opportunity to participate in the Group's Long Term Incentive Plan (LTI). The performance condition was based on the achievement of corporate financial, operational and individual performance targets over the 2011 and 2012 financial years respectively. The performance rights vest in 3 years, dependant on meeting certain EPS and TSR targets. These are disclosed in the Remuneration Report. No grants were made under these plans.

Rights over equity instruments granted as compensation relating to 2011 PMP

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

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

YEAR ENDED 30 JUNE 2013

	Held at 30 June 2012	Granted as compensation	Held at 30 June 2013	Vested at 30 June 2013
P Gammell	140,324	-	140,324	46,774
R Stokes	22,780	-	22,780	7,594
J A Walker	62,162	-	62,162	20,720

YEAR ENDED 30 JUNE 2012

	Held at 30 June 2011	Granted as compensation[(a)]	Held at 30 June 2012	Vested at 30 June 2012
P Gammell	-	140,324	140,324	-
R Stokes	-	22,780	22,780	-
J A Walker	-	62,162	62,162	-

(a) The number of rights to ordinary shares granted as compensation during the year ended 30 June 2012 was the number of ordinary shares in the company that were acquired on market relating to the 2011 PMP acquired subsequent to the 30 June 2011 balance date.

30. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

Shareholdings and transactions

Holdings of ordinary shares and TELYS4 by Specified Directors and Key Management Personnel as at 30 June 2013 held directly, indirectly, beneficially and including their personally-related entities were as follows:

	ORDINARY SHARES			
YEAR ENDED 30 JUNE 2013	Held at 1 July 2012	Purchases	Sales	Held at 30 June 2013
Key Management Personnel - Directors				
KM Stokes AC	207,304,349	-	-	207,304,349
PD Ritchie AO	46,072	-	-	46,072
DJ Leckie	66,908	-	-	66,908
JA Walker	132,162	-	-	132,162
BI McWilliam	280,447	500,000	(493,295)	287,152
RK Stokes	115,780	-	-	115,780
MC Wells	4,000	-	-	4,000
RA Uechtritz	376,876	49,600	-	426,476

	TELYS4			
YEAR ENDED 30 JUNE 2013	Held at 1 July 2012	Purchases	Sales	Held at 30 June 2013
Key Management Personnel - Directors				
TJ Davis	5,500	-	-	5,500
RA Uechtritz	-	2,400	-	2,400
MC Wells	710	-	-	710

	ORDINARY SHARES			
YEAR ENDED 30 JUNE 2012	Held at 1 July 2011	Purchases	Sales	Held at 30 June 2012
Key Management Personnel - Directors				
KM Stokes AC	207,304,349	-	-	207,304,349
PD Ritchie AO	46,072	-	-	46,072
PJT Gammell	465,945	168,724	-	634,669
DJ Leckie	66,908	-	-	66,908
JA Walker	70,000	62,162	-	132,162
BI McWilliam	1,280,447	-	(1,000,000)	280,447
RK Stokes	93,000	22,780	-	115,780
MC Wells	4,000	-	-	4,000
RA Uechtritz	318,442	58,434	-	376,876
RF Waters (alternate director)	10,000	-	-	10,000
Key Management Personnel - Executives				
A Harrison	-	5,000	-	5,000

30. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

	TELYS4			
YEAR ENDED 30 JUNE 2012	Held at 1 July 2011	Purchases	Sales	Held at 30 June 2012
Key Management Personnel - Directors				
TJ Davis	3,500	2,000	-	5,500
MC Wells	710	-	-	710
Key Management Personnel - Executives				
A Harrison	-	300	-	300

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.

During the years ended 30 June 2013 and 30 June 2012, 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 (excluding equity accounted investees, which are disclosed in Note 31) or otherwise had an interest. The aggregate value of the related party transactions with directors and director related entities was as follows:

	2013 $	2012 $
Revenues and expenses		
Revenues	1,131,462	420,743
Expenses	45,394,529	25,608,668
Assets and liabilities		
Trade and other receivables - current	280,400	-
Trade and other payables - current	-	263

These transactions included revenue charged to the related party invoiced at standard WesTrac rates of $1,131,462 (2012: $420,743), the lease of premises and related outgoings amounting to $37,165,486 (2012: $21,603,973); travel expense amounting to $2,245,954 (2012: $2,474,813); electricity under supply agreement of $2,810,880 (2012: $1,331,017) and other net expense reimbursements of $2,922,209 (2012: $73,865).

The lease of premises cost relates to triple net leases that the WesTrac Group have been entered into, the material terms of which were set out in page 406 of Part B of the merger scheme documentation and include annual rent increases of the greater of 3% and CPI, responsibility for most costs of maintaining the properties (including capital/structural repairs), and extensive insurance obligations. The rent expense for the use of these properties is included in the disclosure below.

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

During the year a company associated with Director, Mr B McWilliam was party to a consulting agreement with Group. Total fees paid during the year in relation to this consulting agreement totalled $250,000 (2012: $125,000).

31. OTHER RELATED PARTY DISCLOSURES

	2013 $'000	2012 $'000
Subsidiaries		
Interests in subsidiaries are set out in Note 25.		
Key Management Personnel		
Disclosures relating to Key Management Personnel are set out in Note 30.		
Equity accounted investees		
The aggregate value of transactions between the Group and its equity accounted investees during the period was as follows:		
Sales revenue [(a)]	52,949	125,909
Other income	6,068	2,150
Interest received	-	273
Rental expense	(6,635)	(7,021)
Other expenses	(2,242)	(2,544)
Expense reimbursement	(894)	(1,669)
Outstanding balances arising from transactions with equity accounted investees;		
Trade and other receivables	5,231	19,655
Trade and other payables	(4)	(54)
Tax receivable from equity accounted investee who is member of tax consolidated group	6,493	10,407
Contingent liabilities at year end, arising from transactions with equity accounted investees;		
Financial guarantees (refer to Note 23)	12,110	27,487

(a) includes sales by the WesTrac Group and AllightSykes to the Coates Hire Group.

32a. CASH AND CASH EQUIVALENTS

	2013 $'000	2012 $'000
Bank balances	218,938	92,795
Call deposits	323,170	34,954
Cash and cash equivalents in the cash flow statement	**542,108**	**127,749**

32b. NOTES TO THE CASH FLOW STATEMENT

	2013 $'000	2012 $'000
Reconciliation of profit for the year to net cash flows related to operating activities:		
Profit after tax	**488,605**	**176,748**
Depreciation and amortisation:		
Property, plant and equipment	50,576	57,364
Intangible assets	12,610	19,332
Share option expense	-	395
Gain on sale of property, plant & equipment	(29,430)	-
Net gain on sale of investments and equity accounted investees	(65,924)	(8,911)
Net gain on sale of subsidiary	(8,364)	(129,786)
Impairment reversal/(impairment) of equity accounted investees	(77,851)	416,890
Impairment of non-current assets	9,464	300
Fair value movement of derivatives	10,440	18,167
Share of results from equity accounted investees	(115,505)	(163,019)
Dividends received from associates	49,616	25,626
Other	1,458	6,507
Movement in:		
Trade and other receivables	156,356	(307,601)
Inventories	321,807	(288,784)
Other assets	17,804	(2,144)
Trade and other payables/deferred income	(79,651)	68,614
Provisions	32,234	20,411
Tax balances	47,655	(25,190)
Net operating cash flows	**821,900**	**(115,081)**
NON CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of equity accounted investees - dividend reinvestment plan	-	86,758
Total non cash investing and financing activities	**-**	**86,758**

33. EVENTS SUBSEQUENT TO BALANCE DATE

There are no matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs on the Group in financial years subsequent to 30 June 2013.

34. PARENT ENTITY INFORMATION

As at and throughout the year ended 30 June 2013 the parent company of the Group was Seven Group Holdings Limited.

	COMPANY	
	2013	2012
	$'000	$'000
Information relating to Seven Group Holdings Limited:		
Financial position of parent entity at end of the year		
Current assets	354,429	336,702
Total assets	3,443,992	3,423,968
Current liabilities	128,397	93,351
Total liabilities	557,708	522,231
Total equity of the parent entity comprising of:		
Contributed equity	2,630,352	2,624,102
Reserves	6,440	6,440
Retained earnings	249,492	271,195
Total shareholders equity	**2,886,284**	**2,901,737**
Result of the parent entity		
Profit for the year	129,184	321,165
Total comprehensive income for the year	**129,184**	**321,165**
Other information		
Contingent liabilities of the parent entity (a)	75,364	107,842

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 certain of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 25.

(a) relates to financial guarantees provided to third parties by the parent entity for subsidiary debt facilities and other financing arrangements. These facilities are held by entities that are outside of the Deed of Cross Guarantee disclosed in Note 25.

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 Audit and Risk Committee. The Committee has been constituted with the function of assisting the Board to ensure that its corporate governance and oversight responsibilities are fulfilled in relation to risk management and compliance with applicable laws and regulations.

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

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

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

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

	Note	2013 $'000	2012 $'000
Financial assets			
Cash and cash equivalents	32a	542,108	127,749
Trade and other receivables	8	721,579	920,526
Available-for-sale financial assets	13	758,786	670,899
Unlisted equity investment	13	276,489	252,944
Derivative financial instruments	12	71,861	72,473
Total financial assets		**2,370,823**	**2,044,591**
Financial liabilities			
Trade and other payables (excluding accruals)	16	476,465	562,459
Interest bearing liabilities	17	1,255,470	1,846,431
Derivative financial instruments	12	123,637	149,506
Total financial liabilities		**1,855,572**	**2,558,396**

(a) Market risk

(i) Foreign exchange risk

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

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

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, Renminbi, New Zealand Dollars, United Arab Emirates Dirhams, Indian Rupee and Japanese Yen.

The Group will seek to minimise exposure to foreign exchange risk by initially seeking contracts effectively denominated in Australian Dollars where possible. Where this is not possible the Group will manage foreign exchange risk as follows:

- in certain circumstances the Group invoices customers in USD. Where the Group invoices in USD it may seek to match the USD receipt with USD denominated vendor payments. As a result an economic hedge is created by minimising exposure to changes in the AUD/USD exchange rate. Payments and receipts are made from and to the Group's USD denominated bank account.

- external forward contracts and options are used to manage foreign exchange risk. Contracts are entered into on a transaction by transaction basis to hedge specific purchases, sales and borrowings.

The Group's foreign exchange risk from recognised assets and liabilities arises primarily from WesTrac's long term USD denominated borrowings (Note 17). The Group effectively hedges its long term foreign denominated borrowings using a combination of designated forward exchange contracts and cross currency swaps.

Excluding assets and liabilities for foreign Group entities translated in accordance with Note 1(C)(iii), the Group's exposure to foreign currency risk was as follows, based on notional amounts:

	2013 USD '000	**2013 GBP '000**	**2013 EUR '000**	**2013 JPY '000**	**2013 IDR '000**	**2013 AED '000**	**2013 NZD '000**
Cash at bank	7,475	25	5,259	-	155,970	1,288	276
Trade and other receivables	112,339	-	-	-	167,524	8,397	1,509
Trade and other payables	(144,543)	-	-	-	-	(1,474)	(20)
Borrowings	(590,000)	-	-	-	-	-	-
Derivative financial instruments	(36,958)	-	-	-	-	-	-

	2012 USD '000	**2012 GBP '000**	**2012 EUR '000**	**2012 JPY '000**	**2012 IDR '000**	**2012 AED '000**	**2012 NZD '000**
Cash at bank	6,732	5	6,942	2,624	156,201	1,075	536
Trade and other receivables	127,637	-	-	-	-	-	-
Trade and other payables	(151,757)	(1,568)	(61)	-	1,369	-	12
Borrowings	(590,000)	-	-	-	-	-	-
Derivative financial instruments	(49,778)	-	-	-	-	-	-

The closing exchange rates at 28 June 2013 as reported by the Reserve Bank of Australia at 4pm (AEST) were as follows: AUD/USD - 0.9275 (2012: 1.0191), AUD/GBP - 0.6072 (2012: 0.6529), AUD/EUR - 0.7095 (2012: 0.8092) and AUD/JPY - 91.64 (2012: 80.89).

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Foreign exchange risk (continued)

The financial statements for foreign Group companies that have a functional currency different from Australian Dollars are translated into Australian Dollars on consolidation in accordance with Note 1(C)(iii). Exchange differences arising from the translation are taken to reserves and as such the individual account balances of these Group companies are excluded from the above table.

USD sensitivity analysis

As at 28 June 2013 the closing AUD/USD exchange rate, as reported by the Reserve Bank of Australia at 4pm (AEST) was 0.9275 (2012: 1.0191). A foreign currency sensitivity of +/- 10% has been selected and is considered reasonable given the historical AUD/USD exchange rates prevailing in the year ended 30 June 2013. During this period the average AUD/USD exchange rate was 1.0271 (2012: 1.0319) and traded within a range of 0.9202 and 1.0593 (2012: 0.9500 and 1.1055).

At 30 June 2013, had the AUD/USD exchange rate moved by 10%, with all other variables held constant, post tax profit/(loss) and equity would have been affected as illustrated in the table below:

Judgements of reasonably possible movements:	**2013 Profit/(loss) $'000**	**2013 Equity $'000**	**2012 Profit/(loss) $'000**	**2012 Equity $'000**
AUD to USD +10%	(491)	(1,388)	(955)	18,703
AUD to USD -10%	600	2,527	1,167	(22,795)

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.

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, United States Dollars, Hong Kong Dollars and Chinese Yuan Renminbi. Generally, long term fixed rate borrowings are obtained in the US and Australia, while shorter 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 and interest rate caps to fix interest rate exposure.

As at 30 June 2013, 81% (2012: 54%) 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 $75,000,000 at 7% (2012: $275,000,000 at 7%). Due to the variance with underlying interest rates, these caps are not considered to be effective hedges.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian, United States, Hong Kong, Chinese and New Zealand variable interest rate risk:

	2013 $'000	**2012 $'000**
Financial assets		
Cash and cash equivalents	257,208	127,749
	257,208	**127,749**
Financial liabilities		
Interest bearing liabilities	(229,333)	(846,967)
	(229,333)	**(846,967)**

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Interest rate risk (continued)

The following table shows the annualised impact on profit or loss and equity of interest bearing assets and liabilities if floating interest rates at balance date had been 1% (100 basis points) higher or lower for the year, with all other variables held constant.

	2013 Profit/(loss)	2013 Equity	2012 Profit/(loss)	2012 Equity
If interest rates were 1% (100 basis points) higher with all other variables held constant - increase/(decrease)	195	195	(5,035)	(5,035)
If interest rates were 1% (100 basis points) lower with all other variables held constant - increase/(decrease)	(195)	(195)	5,035	5,035

(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 listed equity securities and derivatives. In the prior year, the Group entered into a derivative contract to hedge equity price risk on its commitment to participate in the Seven West Media Limited Dividend Reinvestment Plan.

The Group may also be exposed to equity price risk through its holdings of listed investments accounted for using the equity method and as part of the Group's impairment assessment process.

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.

	2013 Profit/(loss) $'000	2013 Equity $'000	2012 Profit/(loss) $'000	2012 Equity $'000
If share prices were 15% higher with all other variables constant - increase/(decrease)	3,612	79,673	3,196	70,444
If share prices were 15% lower with all other variables constant - increase/(decrease)	(3,612)	(79,673)	(3,196)	(70,444)

The allocation between net profit and equity is subject to impairment testing. The above sensitivity analysis assumes the investments are not impaired.

The fair values of available-for-sale financial assets are determined by reference to their quoted market prices at balance date. Gains or losses arising from changes in the value of available-for-sale financial assets category are taken to the fair value reserve. Amounts are recognised in profit or loss when the associated assets are sold or impaired.

(b) Liquidity risk

Liquidity risk refers to the risk that the Group is unable to meet its financial commitments as and when they fall due.

The Group employs a prudent liquidity risk management approach. This involves maintaining sufficient cash on hand and having the availability of funding through an adequate amount of credit facilities.

The Group maintains a large amount of liquid reserves (cash, deposits, listed shares and available credit lines) that can be drawn or sold at short notice to meet the Group's financial commitments. Management monitors the Group's on going cash flow requirements on a daily basis. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping credit lines available.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the reporting date:

Floating rate	2013 $'000	2012 $'000
Expiring within one year	436,332	237,831
Expiring beyond one year	811,387	415,769
Total	**1,247,719**	**653,600**

At 30 June 2013, the Group also has additional liquidity available in the form of cash of $542,108,000 (2012: $127,749,000), available-for-sale listed shares of $758,786,000 (2012: $670,899,000) and access to unutilised, short dated lines of other credit totalling $535,868,000 (2012: $191,900,000).

Subject to continued compliance with facility terms, the facilities may be drawn at any time. The average maturity for drawn facilities is 5.6 years (2012: 4.9 years) and 2.7 years (2012: 3.8 years) for undrawn facilities.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities (including derivative financial instruments) into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Gross cash flows include principal, coupon and premium (on put options) payments at contracted rates.

The amounts disclosed in the table are the contracted undiscounted cash flows.

YEAR ENDED 30 JUNE 2013	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	476,465	-	-	-	476,465	476,465
Borrowings - variable rate						
- principal (including derivative)	101,152	36,115	-	67,901	205,167	229,333
- coupon interest	3,185	3,185	3,185	25,476	35,030	-
Borrowings - fixed rate						
- principal (including derivative)	104,660	2,457	620,459	497,191	1,224,767	1,026,137
- coupon interest & derivative	43,485	39,233	108,051	196,634	387,403	121,938
Total	**728,946**	**80,990**	**731,695**	**787,202**	**2,328,832**	**1,853,872**

YEAR ENDED 30 JUNE 2012	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	562,459	-	-	-	562,459	562,459
Borrowings - variable rate						
- principal (including derivative)	248,344	19,282	514,000	67,901	849,527	846,967
- coupon interest & derivative	11,245	11,245	11,245	39,086	72,821	-
Borrowings - fixed rate						
- principal (including derivative)	5,777	102,979	540,511	496,986	1,146,253	999,464
- coupon interest & derivative	45,899	43,284	122,263	248,288	459,734	131,339
Total	**873,724**	**176,790**	**1,188,019**	**852,261**	**3,090,794**	**2,540,229**

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables, cash and cash equivalents and investment securities.

The Group has an established credit policy under which new customers are analysed individually for creditworthiness before the Group's standard payment, delivery terms and conditions are offered. The Group's review includes external ratings, when available, such as Veda Advantage. Purchase limits are established for each customer and these limits are reviewed annually or upon request. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group upon lodging of a Bank Guarantee as a security document or on a strictly pre-paid (cleared funds) only basis.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available for sale investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these instruments. The Group mitigates this risk by only dealing with counterparties that meet a defined credit criteria and also by managing specific credit limits on all counterparties.

The Group is not aware of any material credit concerns with respect to the portfolio of investments.

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

	Note	2013 $'000	2012 $'000
Available-for sale-financial assets	13	758,786	670,899
Unlisted equity investment	13	276,489	252,944
Trade and other receivables	8	721,579	920,526
Cash and cash equivalents	32a	542,108	127,749
Derivative financial instruments	12	71,861	72,473
		2,370,823	**2,044,591**

Past due but not impaired

As at 30 June 2013, trade receivables of $79,241,000 (2012: $127,826,000) 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:

	2013 $'000	2012 $'000
Past due 1-30 days	9,323	12,329
Past due 31-60 days	28,367	46,309
Past due 60 - 90 days	7,170	16,449
> 91 days	34,381	52,739
Balance at end of the year	**79,241**	**127,826**

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

	2013 $'000	2012 $'000
Balance as beginning of year	8,718	5,526
Impairment loss recognised in profit and loss	2,503	3,592
Impairment loss reversed in profit and loss	-	(400)
Receivables expensed as uncollectable during the year	(897)	-
Exchange differences	(248)	-
Balance at end of the year	**10,076**	**8,718**

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

The Group's and the Company's exposure to credit risk is predominately in Australia and 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 guarantees are included within financial guarantees in Note 23.

(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:

	Note	2013 Carrying amount $'000	2013 Fair value $'000	2012 Carrying amount $'000	2012 Fair value $'000
Financial assets					
Cash and cash equivalents	32a	542,108	542,108	127,749	127,749
Trade and other receivables	8	721,579	721,579	920,526	920,526
Available-for-sale financial assets	13	758,786	758,786	670,899	670,899
Unlisted equity investment	13	276,489	276,489	252,944	252,944
Derivative financial instruments	12	71,861	71,861	72,473	72,473
Total financial assets		**2,370,823**	**2,370,823**	**2,044,591**	**2,044,591**
Financial liabilities					
Trade and other payables	16	476,465	476,465	562,459	562,459
Fixed term US dollar notes	17	684,947	739,390	627,770	732,715
Other borrowings	17	570,523	567,395	1,218,661	1,218,661
Derivative financial instruments	12	123,637	123,637	149,506	149,506
Total financial liabilities		**1,855,572**	**1,906,887**	**2,558,396**	**2,663,341**

The fair value of unlisted equity investments was determined using standard bond pricing calculations taking into account the 7.143% accretion in redemption value over five years and 9% market yield for comparable instruments.

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows relating to the fixed term US dollar notes were 2.2% to 5.5% (2012: 2.1% to 4.5%) and are based on the government yield curve at the reporting date plus an adequate credit spread.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – fair value is calculated using quoted prices in active markets.
Level 2 – fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).
Level 3 – fair value is estimated using inputs for the asset or liability that are not based on observable market data.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value measurements (continued)

Financial instruments, carried at fair value, as well as the methods used to estimate the fair value are summarised in the table below.

AT 30 JUNE 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets				
Listed equity investments	758,786	-	-	758,786
Derivative financial assets	-	71,861	-	71,861
	758,786	**71,861**	**-**	**830,648**
Liabilities				
Derivative financial liabilities	-	(123,637)	-	(123,637)
	-	**(123,637)**	**-**	**(123,637)**

AT 30 JUNE 2012	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets				
Listed equity investments	670,899	-	-	670,899
Derivative financial assets	-	72,473	-	72,473
	670,899	**72,473**	**-**	**743,372**
Liabilities				
Derivative financial liabilities	-	(149,506)	-	(149,506)
	-	**(149,506)**	**-**	**(149,506)**

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. Dividends are franked to the greatest extent possible.

Refer to Note 6 for a listing of dividends paid and proposed but not provided for during the current year.

Directors' Declaration

Year ended 30 June 2013

1. In the opinion of the Directors of Seven Group Holdings Limited (the "Company"):

   a) the consolidated financial statements and notes that are set out on pages 62 to 126 and the Remuneration report, set out on pages 39 to 56 in the Directors' report, are in accordance with the Corporations Act 2001, including:

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

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the group entities identified in Note 25 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98 / 1418.
3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2013.
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
13 September 2013

Independent auditor's report to the members of Seven Group Holdings Limited

Report on the financial report

We have audited the accompanying financial report of Seven Group Holdings Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2013, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 35 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

KPMG

Independence

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

Auditor's opinion

In our opinion:

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(A).

Report on the remuneration report

We have audited the Remuneration Report included in pages 40 to 56 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion the remuneration report of Seven Group Holdings Limited for the year ended 30 June 2013 complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Kevin Leighton
Partner

Sydney

13 September 2013

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Company Information

LIST OF DIRECTORS

Kerry Stokes AC (Executive Chairman)
Peter Ritchie AO (Deputy Chairman)
Don Voelte AO (Managing Director & Chief Executive Officer)
David Leckie (Executive Director, Media)
Dulcie Boling
Terry Davis
Christopher Mackay
Bruce McWilliam (Commercial Director)
Ryan Stokes (Chief Operating Officer)
Richard Uechtritz
Prof. Murray Wells

COMPANY SECRETARY

Warren Coatsworth

REGISTERED OFFICE

Company Secretariat
Level 2
38 – 42 Pirrama Road
Pyrmont NSW 2009

SHARE REGISTRY

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000

AUDITOR

KPMG
10 Shelley Street
Sydney NSW 2000

LEGAL ADVISORS

Herbert Smith Freehills
ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Clayton Utz
Level 15
1 Bligh Street
Sydney NSW 2000

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Investor Information

SHAREHOLDER INQUIRIES

Investors seeking information regarding their shareholding or dividends or wishing to advise of a change of address should contact the Share Registry at:

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Telephone: (02) 9290 9600

Facsimile: (02) 9279 0664 or

Visit the online service at boardroomlimited.com.au

Boardroom Pty Limited has an online service for investors called InvestorServe. This enables investors to make online changes, view balances and transaction history, as well as obtain information about recent dividend payments and download various forms to assist in the management of their holding. To use this service, simply visit the Boardroom Pty Limited website.

Other general inquiries may be directed to Mr W. Coatsworth, Company Secretary on (02) 8777 7777 or visit the website at www.sevengroup.com.au.

TAX FILE NUMBER INFORMATION

The company is obliged to record Tax File Numbers or exemption details provided by shareholders. While it is not compulsory for shareholders to provide a Tax File Number or exemption details, Seven Group Holdings Limited is obliged to deduct tax from unfranked dividends paid to investors resident in Australia who have not supplied such information. Forms are available upon request from the Share Registry or shareholders can submit their Tax File Number via the Boardroom website.

THE CHESS SYSTEM

Seven Group Holdings Limited operates under CHESS – Clearing House Electronic Subregister System – an Australian Securities Exchange system which permits the electronic transfer and registration of shares. Under CHESS, the company issues a Statement of Holdings to investors, instead of share certificates, and the statement will quote the Holder Identification Number (HIN). The HIN number should be quoted on any correspondence investors have with the Share Registry.

The company will maintain investors' holdings in an Issuer Sponsored facility, which enables investors to maintain their holding without the need to be tied to any particular stockbroker.

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 4 September 2013 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
JCP Investment Partners Limited	15,506,705	5.03

* Based on issued capital at date of notification

Distribution of Ordinary Shareholders and TELYS4 Shareholders

Category (No.s)	Ordinary Shareholders	TELYS4
1 – 1,000	5,210	9,437
1,001 – 5,000	4,049	572
5,001 – 10,000	557	40
10,001 – 100,000	265	19
100,001 – and over	51	3
Total No. of Holders	10,132	10,071
No. of Holdings less than a Marketable Parcel	480	4

Twenty Largest Ordinary Shareholders

Name of Shareholder	No. of Shares	% Held
North Aston Pty Limited	48,500,000	15.74
Ashblue Holdings Pty Limited	39,082,442	12.69
North Aston Pty Limited	28,000,000	9.09
North Aston Pty Limited	26,276,333	8.53
Wroxby Pty Limited	25,000,000	8.11
Ashblue Holdings Pty Limited	23,000,000	7.46
National Nominees Limited	21,552,004	6.99
HSBC Custody Nominees (Australia) Limited	20,632,777	6.69
North Aston Pty Limited	11,333,667	3.68
JP Morgan Nominees Australia Limited	11,031,851	3.58
Wroxby Pty Limited	5,731,907	1.86
Citicorp Nominees Pty Limited	5,195,136	1.69
JP Morgan Nominees Australia Limited	5,028,974	1.63
BNP Paribas Nominees Pty Limited	2,117,520	0.69
HSBC Custody Nominees (Australia) Limited	1,704,836	0.56
QIC Limited	1,028,769	0.34
Citicorp Nominees Pty Limited	1,006,998	0.32
BNP Paribas Nominees Pty Limited	689,621	0.22
Bond Street Custodians Limited	552,560	0.17
Yalgardup Corporation Pty Limited	465,945	0.15
Total Twenty Largest Ordinary Shareholders	277,931,340	90.19

Twenty Largest TELYS4 Shareholders

Name of Shareholder	No. of TELYS4	% Held
Navigator Australia Limited	151,877	3.06
JP Morgan Nominees Australia Limited	124,554	2.51
National Nominees Limited	116,451	2.35
UBS Wealth Management Australia Nominees Pty Limited	80,583	1.62
Nulis Nominees (Australia) Limited	80,392	1.62
HSBC Custody Nominees (Australia) Limited	73,042	1.48
Sandhurst Trustees Limited	71,618	1.45
Australian Executor Trustees Limited	66,374	1.34
UCA Cash Management Fund Limited	50,000	1.00
Pershing Australia Nominees Pty Limited	41,782	0.84
Netwealth Investments Limited	30,118	0.60
Farallon Capital Pty Limited	23,500	0.47
SR Consolidated Pty Limited	21,435	0.43
BNP Paribas Nominees Pty Limited	20,751	0.42
RBC Investor Services Australia Nominees Pty Limited	20,087	0.40
RBC Investor Services Australia Nominees Pty Limited	19,326	0.39
Lenhut Pty Limited	15,619	0.32
Netwealth Investments Limited	15,575	0.31
Jilliby Pty Limited	15,000	0.30
Mr Edward and Mrs Deborah Griffin	12,000	0.24
Total Twenty Largest TELYS4 Shareholders	1,050,084	21.15

Details of Options Issued by Seven Group Holdings Limited

Number on issue	3,500,000
Number of holders	2
Name and number of options held by an option holder holding 20% or more of the options in this class	Mr David Leckie holds 3,000,000 options over ordinary shares

Voting Rights

Ordinary Shares

On a show of hands, every member present in person or by proxy or attorney, or being a corporation, present by its representative, shall have one vote. On a poll, every member present in person or by proxy or attorney, or being a corporation, present by its representative, shall have one vote for every share held.

Options

There are no voting rights attached to options. Upon exercise of the option, the issued shares will confer full voting rights.

TELYS4

There are limited voting rights attached to TELYS4 as detailed in their terms of issue. In broad terms, a holder has the right to vote if a dividend is in arrears, on a proposal to reduce share capital, affecting rights on the TELYS4, on a winding up of the company, on a disposal of the whole undertaking of the company, on a resolution to approve a buy – back agreement and during the winding up of the company. Upon conversion of the TELYS4, the resulting issued shares will confer full voting rights.

Stock Exchange Listing

The Company is listed with the Australian Securities Exchange Limited and the home exchange is Sydney.

On-Market Buy-Back

There is no current on-market buy-back.

Corporate Directory

SEVEN GROUP HOLDINGS LIMITED

HEAD OFFICE

Level 2, 38 - 42 Pirrama Road
Pyrmont NSW 2009
Ph: (02) 8777 7777
Fax: (02) 8777 7778

WESTRAC WA

128-136 Great Eastern
Highway
South Guildford WA 6055
Ph: (08) 9377 9444
Fax: (08) 9377 1791

WESTRAC NSW

1 Crescent Street
Holroyd NSW 2142
Ph: (02) 9840 4600
Fax: (02) 9840 4689

WESTRAC ACT

178 Sheppard Street
Hume ACT 2620
Ph: (02) 6290 4500
Fax: (02) 6260 2814

WESTRAC CHINA

Sky Centre Tower A
No 22 Wanyuan Street
Beijing China 100176
Ph: (86) (10) 5902 1666

ALLIGHTSYKES WA

Level 1, 1 Puccini Court
Stirling WA 6025
Ph: (08) 9302 7000
Fax: (08) 9440 7999

ALLIGHTSYKES NSW

42 Munibung Road
Cardiff NSW 2285
Ph: (02) 4954 3333
Fax: (02) 4954 3303