

# Appendix 4E - Preliminary Final Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE YEAR ENDED 30 JUNE 2013

## Results For Announcement To The Market

REPORTED				\$'000
<b>Revenue from ordinary activities</b>	up	<b>6.36%</b>	to	<b>4,751,630</b>
<b>Net profit from ordinary activities after tax attributable to members</b>	up	<b>193.14%</b>	to	<b>486,417</b>
<b>Net profit for period attributable to members</b>	up	<b>193.14%</b>	to	<b>486,417</b>

UNDERLYING				\$'000
<b>Revenue from ordinary activities</b>	up	<b>6.36%</b>	to	<b>4,751,630</b>
<b>Net profit from ordinary activities after tax attributable to members excluding significant items</b>	up	<b>19.33%</b>	to	<b>396,665</b>
<b>Net profit for period attributable to members excluding significant items</b>	up	<b>19.33%</b>	to	<b>396,665</b>

<b>Dividends</b>	Amount	
	per security	Franked amount per security
<b>Ordinary shares</b>		
Interim	20 cents	20 cents
Final	20 cents	20 cents

**Record date for determining entitlements to the ordinary dividend** 5.00pm on Friday 27 September 2013

**Date final dividend is payable** 11 October 2013

### Transferable Extendable Listed Yield Shares ("TELYS4")

Dividend (paid 30 November 2012)	\$2.8100	\$2.8100
Dividend (paid 31 May 2013)	\$2.7853	\$2.7853

### Commentary on results

A detailed commentary on the results for the year is contained in the press release dated 27 August 2013 accompanying this report.

### Net tangible asset backing

Net tangible asset backing per ordinary share: \$5.94 (2012: \$4.53). This has been calculated by dividing the net assets attributable to equity holders of the Company (adjusted for the value of TELYS4 preference shares) less intangible assets, by the number of ordinary shares as at 30 June 2013.

### Disposals

#### *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. Total proceeds of \$491,270,000 were received.

#### *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 for \$9,100,000.

### Audit

This report is based on accounts that are currently being audited.

# Appendix 4E - Preliminary Final Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE YEAR ENDED 30 JUNE 2013

## Results For Announcement To The Market Underlying Trading Performance

	Note	As reported		Significant items <sup>(a)</sup>		Underlying trading performance <sup>(b)</sup>	
		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)
<b>Profit before depreciation and amortisation, net finance costs and tax</b>		<b>783,459</b>	<b>322,551</b>	<b>(97,439)</b>	<b>307,215</b>	<b>686,020</b>	<b>629,766</b>
Depreciation and amortisation		(63,186)	(76,696)	-	-	(63,186)	(76,696)
<b>Profit before net finance costs and tax</b>		<b>720,273</b>	<b>245,855</b>	<b>(97,439)</b>	<b>307,215</b>	<b>622,834</b>	<b>553,070</b>
Net finance costs		(97,341)	(113,030)	(11,500)	-	(108,841)	(113,030)
<b>Profit before tax</b>		<b>622,932</b>	<b>132,825</b>	<b>(108,939)</b>	<b>307,215</b>	<b>513,993</b>	<b>440,040</b>
Income tax (expense)/benefit		(134,327)	43,923	19,187	(140,734)	(115,140)	(96,811)
<b>Profit for the year</b>		<b>488,605</b>	<b>176,748</b>	<b>(89,752)</b>	<b>166,481</b>	<b>398,853</b>	<b>343,229</b>
<b>Profit for the year attributable to:</b>							
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
<b>Profit for the year</b>		<b>488,605</b>	<b>176,748</b>	<b>(89,752)</b>	<b>166,481</b>	<b>398,853</b>	<b>343,229</b>
<b>EARNINGS PER SHARE (EPS)</b>							
<b>Ordinary shares</b>							
Basic earnings per share (\$)	7	\$ 1.49	\$ 0.43			\$ 1.20	\$ 0.98
Diluted earnings per share (\$)	7	\$ 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.

# Consolidated Income Statement

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
<b>Revenue</b>			
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
<b>Total revenue</b>		<b>4,751,630</b>	<b>4,467,407</b>
<b>Other income</b>			
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	13	8,364	129,786
Other investment income		23,545	21,545
Other		13,939	8,655
<b>Total other income</b>		<b>182,537</b>	<b>214,327</b>
Share of results from equity accounted investees	8	115,505	163,019
Impairment reversal/(impairment) of equity accounted investees	8	77,851	(416,890)
<b>Expenses excluding depreciation and amortisation</b>			
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		(9,464)	(300)
Fair value movement of derivatives		(10,440)	(18,167)
Other expenses		(238,770)	(350,493)
<b>Total expenses excluding depreciation and amortisation</b>		<b>(4,344,064)</b>	<b>(4,105,312)</b>
Depreciation and amortisation		(63,186)	(76,696)
<b>Profit before net finance costs and tax</b>		<b>720,273</b>	<b>245,855</b>
Finance income	4	24,006	4,465
Finance costs	4	(121,347)	(117,495)
<b>Net finance costs</b>		<b>(97,341)</b>	<b>(113,030)</b>
<b>Profit before tax</b>		<b>622,932</b>	<b>132,825</b>
Income tax (expense)/benefit	5	(134,327)	43,923
<b>Profit for the year</b>		<b>488,605</b>	<b>176,748</b>
<b>Profit for the year attributable to:</b>			
Equity holders of the Company		486,417	165,933
Non-controlling interest		2,188	10,815
<b>Profit for the year</b>		<b>488,605</b>	<b>176,748</b>
<b>Statutory earnings per share (EPS)</b>			
<b>Ordinary shares</b>			
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 preliminary final report.

# Consolidated Statement of Comprehensive Income

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
<b>Profit for the year</b>		<b>488,605</b>	<b>176,748</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Net change in fair value of available-for-sale financial assets	11	111,220	4,552
Cash flow hedges: effective portion of changes in fair value	11	(49,761)	38,286
Foreign currency differences for foreign operations		76,549	38,749
Income tax on items of other comprehensive income	11	(26,150)	(15,803)
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>111,858</b>	<b>65,784</b>
<b>Total comprehensive income for the year</b>		<b>600,463</b>	<b>242,532</b>
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the Company		598,023	231,717
Non-controlling interest		2,440	10,815
<b>Total comprehensive income for the year</b>		<b>600,463</b>	<b>242,532</b>

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the preliminary final report.

# Consolidated Statement of Financial Position

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
AS AT 30 JUNE 2013

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

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

# Consolidated Statement of Changes in Equity

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

YEAR ENDED 30 JUNE 2013	Note	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interest \$'000	Total equity \$'000
<b>Balance at 1 July 2012</b>		<b>2,624,102</b>	<b>(710,120)</b>	<b>654,523</b>	<b>2,568,505</b>	<b>11,318</b>	<b>2,579,823</b>
Profit for the year		-	-	486,417	486,417	2,188	488,605
Net change in fair value of available-for-sale financial assets	11	-	111,220	-	111,220	-	111,220
Cash flow hedges: effective portion of changes in fair value	11	-	(49,761)	-	(49,761)	-	(49,761)
Foreign currency differences for foreign operations	11	-	76,297	-	76,297	252	76,549
Income tax on items of other comprehensive income	11	-	(26,150)	-	(26,150)	-	(26,150)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>111,606</b>	<b>486,417</b>	<b>598,023</b>	<b>2,440</b>	<b>600,463</b>
<b>Transactions with owners recognised directly in equity</b>							
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	10	6,250	-	-	6,250	-	6,250
Share based payments expense	11	-	1,080	-	1,080	-	1,080
<b>Total transactions with owners recognised directly in equity</b>		<b>6,250</b>	<b>1,080</b>	<b>(150,887)</b>	<b>(143,557)</b>	<b>(1,395)</b>	<b>(144,952)</b>
<b>Total movement in equity for the year</b>		<b>6,250</b>	<b>112,686</b>	<b>335,530</b>	<b>454,466</b>	<b>1,045</b>	<b>455,511</b>
<b>Balance at 30 June 2013</b>		<b>2,630,352</b>	<b>(597,434)</b>	<b>990,053</b>	<b>3,022,971</b>	<b>12,363</b>	<b>3,035,334</b>

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

The consolidated statement of changes in equity is to be read in conjunction with the notes to the preliminary final report.

# Consolidated Cash Flow Statement

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
<b>CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>			
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
<b>Net operating cash flows</b>	15b	<b>821,900</b>	<b>(115,081)</b>
<b>CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>			
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	12	-	(197,680)
Consideration for business combinations, net of cash acquired	12	26,412	(422,461)
Proceeds from sale of subsidiary, net of cash disposed	13	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
<b>Net investing cash flows</b>		<b>361,081</b>	<b>(602,511)</b>
<b>CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>			
Proceeds from issue of shares - Seven Group Holdings Limited	10	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)
<b>Net financing cash flows</b>		<b>(771,630)</b>	<b>781,369</b>
<b>Net increase in cash and cash equivalents</b>		<b>411,351</b>	<b>63,777</b>
Cash and cash equivalents at beginning of year	15a	127,749	65,244
Effect of exchange rate changes on cash and cash equivalents		3,008	(1,272)
<b>Cash and cash equivalents at end of the year</b>	15a	<b>542,108</b>	<b>127,749</b>

The consolidated cash flow statement is to be read in conjunction with the notes to the preliminary final report.

# Notes to the Preliminary Final Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

## 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. The preliminary final report covers the year ended 30 June 2013 and comprises the Company and its subsidiaries (together referred to as the "Group"), the Group's interest in associates and jointly controlled entities.

### (A) BASIS OF PREPARATION

The preliminary final report has been prepared in accordance with the Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The preliminary final report does not include all notes of the type normally included within the annual financial report and therefore can not be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

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

The preliminary final 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 used by the Group in this preliminary final report are consistent with those applied by the Group in its consolidated financial statements for the year ended 30 June 2012.

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

### (B) 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.

The segments identified are;

- WesTrac Australia
- WesTrac China
- AllightSykes
- Coates Hire
- Media investments
- Other investments



# Notes to the Preliminary Final Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

## 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.

- 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.

# Notes to the Preliminary Final Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

## 3. OPERATING SEGMENTS (CONTINUED)

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.

	WesTrac <sup>(e)</sup> Australia \$'000	WesTrac China \$'000	Allight <sup>(e)</sup> Sykes \$'000	Coates Hire \$'000	Media <sup>(c)</sup> investments \$'000	Other investments \$'000	Total \$'000
<b>YEAR ENDED 30 JUNE 2013</b>							
<b>Segment revenue</b>							
Sales to external customers	4,105,593	484,454	155,822	-	-	5,761	4,751,630
<b>Segment result</b>							
Segment earnings before interest, tax, depreciation and amortisation (EBITDA) <sup>(a)(d)</sup>	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)
<b>Segment earnings before interest and tax (EBIT)<sup>(b)(d)</sup></b>	<b>446,677</b>	<b>(2,453)</b>	<b>(569)</b>	<b>47,778</b>	<b>105,835</b>	<b>37,291</b>	<b>634,559</b>
<b>Other segment information</b>							
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) <sup>(d)</sup>	2,948	(203)	-	43,128	79,245	-	125,118
Impairment of assets recognised in profit or loss	(9,464)	-	-	-	77,851	-	68,387
<b>Balance sheet</b>							
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
<b>Segment assets</b>	<b>1,894,958</b>	<b>706,047</b>	<b>151,233</b>	<b>430,221</b>	<b>989,235</b>	<b>851,970</b>	<b>5,023,664</b>
<b>Segment liabilities</b>	<b>(581,480)</b>	<b>(140,104)</b>	<b>(23,669)</b>	<b>-</b>	<b>-</b>	<b>(20,358)</b>	<b>(765,611)</b>

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## 3. OPERATING SEGMENTS (CONTINUED)

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
<b>Segment revenue</b>							
Sales to external customers	3,530,037	670,312	210,329	-	-	56,729	4,467,407
	<b>3,530,037</b>	<b>670,312</b>	<b>210,329</b>	<b>-</b>	<b>-</b>	<b>56,729</b>	<b>4,467,407</b>
<b>Segment result</b>							
Segment earnings before interest, tax, depreciation and amortisation (EBITDA) <sup>(a)(d)</sup>	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)
<b>Segment earnings before interest and tax (EBIT) <sup>(b)(d)</sup></b>	<b>387,082</b>	<b>8,412</b>	<b>9,276</b>	<b>58,268</b>	<b>116,083</b>	<b>5,126</b>	<b>584,247</b>
<b>Other segment information</b>							
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) <sup>(d)</sup>	5,120	716	-	56,268	92,161	578	154,843
Impairment of assets recognised in profit or loss	-	-	-	-	(416,890)	(300)	(417,190)
<b>Balance sheet</b>							
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
<b>Segment assets</b>	<b>2,271,413</b>	<b>825,379</b>	<b>208,620</b>	<b>386,347</b>	<b>1,105,446</b>	<b>774,628</b>	<b>5,571,833</b>
<b>Segment liabilities</b>	<b>(553,231)</b>	<b>(170,069)</b>	<b>(56,242)</b>	<b>-</b>	<b>-</b>	<b>(23,962)</b>	<b>(803,504)</b>

	2013 \$'000	2012 \$'000
<b>Reconciliation of segment EBIT to net profit before tax per consolidated income statement</b>		
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

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SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
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## 3. OPERATING SEGMENTS (CONTINUED)

	2013	2012
	\$'000	\$'000
<b>Reconciliation of segment operating assets to total assets per statement of financial position</b>		
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
<b>Total assets per statement of financial position</b>	<b>5,654,336</b>	<b>5,786,684</b>

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.

	2013	2012
	\$'000	\$'000
<b>Reconciliation of segment operating liabilities to total liabilities per statement of financial position</b>		
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)
<b>Total liabilities per statement of financial position</b>	<b>(2,619,002)</b>	<b>(3,206,861)</b>

- (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.

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## 4. NET FINANCE EXPENSE

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

## 5. INCOME TAX

	Note	2013 \$'000	2012 \$'000
<b>INCOME TAX (EXPENSE)/BENEFIT</b>			
Current tax expense:			
Current period		(153,675)	(85,282)
Adjustment for prior periods		24,083	(3,389)
		<b>(129,592)</b>	<b>(88,671)</b>
Deferred tax (expense)/benefit due to origination and reversal of temporary differences		(4,735)	132,594
<b>Total income tax (expense)/benefit in statement of comprehensive income</b>		<b>(134,327)</b>	<b>43,923</b>
<b>RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX ACCOUNTING PROFITS:</b>			
Income tax using the domestic corporation tax rate 30%		(186,879)	(39,847)
Recognition of deferred tax asset on capital losses, not previously recognised <sup>(1)</sup>		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
<b>Income tax (expense)/benefit</b>		<b>(134,327)</b>	<b>43,923</b>
<b>DEFERRED INCOME TAX RECOGNISED DIRECTLY IN EQUITY</b>			
Relating to available-for-sale financial assets	11	(43,127)	(5,841)
Relating to cash flow hedge reserve	11	16,977	(9,962)
Relating to acquisition of non-controlling interests	11	-	(16,609)
Relating to foreign currency translation reserve		950	584
<b>Total deferred income tax recognised directly in equity</b>		<b>(25,200)</b>	<b>(31,828)</b>

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

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## 5. INCOME TAX (CONTINUED)

DEFERRED TAX ASSETS & LIABILITIES	Opening balance	Recognised in profit	Recognised in equity	Other <sup>(2)</sup>	Closing balance
YEAR ENDED 30 JUNE 2013	\$'000	\$'000	\$'000	\$'000	\$'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
<b>Net tax liability</b>	<b>(267,386)</b>	<b>(4,735)</b>	<b>(25,200)</b>	<b>(491)</b>	<b>(297,812)</b>
Deferred tax asset					10,176
Deferred tax liability					(307,988)
<b>Net deferred tax liability</b>					<b>(297,812)</b>

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

DEFERRED TAX ASSETS & LIABILITIES	Opening balance	Recognised in profit	Recognised in equity	Other	Closing balance
YEAR ENDED 30 JUNE 2012	\$'000	\$'000	\$'000	\$'000	\$'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
<b>Net tax liability</b>	<b>(368,152)</b>	<b>132,594</b>	<b>(31,828)</b>	<b>-</b>	<b>(267,386)</b>
Deferred tax asset					-
Deferred tax liability					(267,386)
<b>Net deferred tax liability</b>					<b>(267,386)</b>

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## 6. DIVIDENDS

YEAR ENDED 30 JUNE 2013	Date of payment	Franked / unfranked	Amount per share	Total \$'000
<b>DIVIDENDS PAID</b>				
<b>Ordinary shares</b>				
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
				<b>123,114</b>
<b>Transferable Extendable Listed Yield Shares ("TELYS4")</b>				
Dividend	30-Nov-12	Franked	\$ 2.81	13,948
Dividend	31-May-13	Franked	\$ 2.79	13,825
				<b>27,773</b>
<b>Subsequent event</b>				
<b>Current period final dividend on ordinary shares proposed but not provided</b>				
<b>Ordinary shares</b>				
Final dividend in respect of 2013 year		Franked	\$ 0.20	61,632
Balance of franking account at 30%				111,587
<b>YEAR ENDED 30 JUNE 2012</b>				
<b>DIVIDENDS PAID</b>				
<b>Ordinary shares</b>				
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
				<b>110,488</b>
<b>Transferable Extendable Listed Yield Shares ("TELYS4")</b>				
Dividend	30-Nov-11	Franked	\$ 3.48	17,272
Dividend	31-May-12	Franked	\$ 3.21	15,937
				<b>33,209</b>
<b>Ordinary shares</b>				
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:

- franking credits that will arise from the payment of current tax liabilities;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the reporting date; and
- 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).

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## 7. EARNINGS PER SHARE

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



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## 7. EARNINGS PER SHARE (CONTINUED)

	2013	2012
	\$'000	\$'000
<b>UNDERLYING EARNINGS PER SHARE FROM CONTINUING OPERATIONS</b>		
<b>Ordinary shares - total underlying earnings per share from continuing operations</b> <sup>(a)(b)</sup>		
- 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 consideration 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	2012
	\$'000	\$'000
Net profit attributable to equity holders of the Company	486,417	165,933
<i>Significant items:</i>		
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
<b>Allocated underlying earnings to category of share:</b>		
- Ordinary shares	369,032	299,768
- TELYS4	27,633	32,646
	<b>396,665</b>	<b>332,414</b>

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## 8. 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
<b>EQUITY ACCOUNTED INVESTMENTS AND JOINTLY CONTROLLED ENTITIES</b>					
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%
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
<b>SHARE OF INVESTEES' NET PROFIT</b>		
Share of operating profit before tax	159,745	211,676
Share of income tax expense	(44,240)	(48,657)
<b>Share of net profit of equity accounted investees</b>	<b>115,505</b>	<b>163,019</b>

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## 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

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

YEAR ENDED 30 JUNE 2012	Book value \$'000	Market value \$'000
<b>MARKET VALUES OF LISTED INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD</b>		
Consolidated Media Holdings Limited <sup>(b)</sup>	439,949	479,879
Seven West Media Limited <sup>(a)(b)</sup>	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:

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

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.

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## 9. INTEREST BEARING LOANS AND LIABILITIES

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

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.

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## 10. CONTRIBUTED EQUITY

	2013 \$'000	2012 \$'000
<b>SHARE CAPITAL</b>		
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
<b>Balance at end of the year</b>	<b>2,630,352</b>	<b>2,624,102</b>
<b>MOVEMENTS IN ORDINARY SHARES</b>		
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	-
<b>Balance at end of the year</b>	<b>2,203,187</b>	<b>2,196,937</b>

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.

	2013 \$'000	2012 \$'000
<b>MOVEMENTS IN PREFERENCE SHARES</b>		
<b>Transferable Extendable Listed Yield Shares – TELYS4</b>		
Balance at 1 July	427,165	427,165
<b>Balance at end of the year</b>	<b>427,165</b>	<b>427,165</b>

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
<b>OPTIONS ON ORDINARY SHARES</b>		
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
	<b>3,500,000</b>	<b>4,250,000</b>

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## 11. RESERVES

	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
<b>YEAR ENDED 30 JUNE 2013</b>							
<b>As at 1 July 2012</b>	<b>(63,455)</b>	<b>10,144</b>	<b>(642,586)</b>	<b>16,236</b>	<b>54,463</b>	<b>(84,922)</b>	<b>(710,120)</b>
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
<b>At 30 June 2013</b>	<b>(63,455)</b>	<b>11,224</b>	<b>(642,586)</b>	<b>(16,548)</b>	<b>122,556</b>	<b>(8,625)</b>	<b>(597,434)</b>

	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
<b>YEAR ENDED 30 JUNE 2012</b>							
<b>As at 1 July 2011</b>	<b>-</b>	<b>7,786</b>	<b>(642,586)</b>	<b>(12,088)</b>	<b>55,752</b>	<b>(123,671)</b>	<b>(714,807)</b>
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
<b>At 30 June 2012</b>	<b>(63,455)</b>	<b>10,144</b>	<b>(642,586)</b>	<b>16,236</b>	<b>54,463</b>	<b>(84,922)</b>	<b>(710,120)</b>

### 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.

#### 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.

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## 11. RESERVES (CONTINUED)

### 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.

## 12. 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:

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

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

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

# Notes to the Preliminary Final Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
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## 13. 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.

	<b>2013</b>
<b>Consideration</b>	<b>\$'000</b>
Cash received	9,100
<b>Total consideration</b>	<b>9,100</b>

	<b>2013</b>
<b>Effect of disposal on the financial position of the Group</b>	<b>\$'000</b>
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
<b>Net assets disposed</b>	<b>(736)</b>

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

### 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 \$230,000,000. 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.



# Notes to the Preliminary Final Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
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## 13. DISPOSAL OF BUSINESSES (CONTINUED)

### PRIOR YEAR DISPOSALS (CONTINUED)

*Sale of vividwireless Group Limited (continued)*

	<b>2012</b>
	<b>\$'000</b>
<b>Consideration</b>	
Cash received	170,000
Fair value of deferred consideration	39,900
<b>Total consideration</b>	<b>209,900</b>
	<b>2012</b>
	<b>\$'000</b>
<b>Effect of disposal on the financial position of the Group</b>	
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
<b>Net assets disposed</b>	<b>(80,114)</b>
	<b>2012</b>
	<b>\$'000</b>
<b>Net gain on sale of subsidiary</b>	
Total consideration received for accounting purposes at fair value	209,900
Net assets disposed	(80,114)
<b>Net gain on sale of subsidiary</b>	<b>129,786</b>

# Notes to the Preliminary Final Report

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## 14. COMMITMENTS

	2013 \$'000	2012 \$'000
<b>Capital expenditure commitments</b>		
<b>Payable:</b>		
Not later than one year	9,874	23,131
<b>Finance lease commitments</b>		
<b>Payable:</b>		
Not later than one year	4,231	647
Later than one year but not later than five years	2,901	810
<b>Minimum lease payments (a)</b>	<b>7,132</b>	<b>1,457</b>
Less future finance charges	(352)	(40)
	<b>6,780</b>	<b>1,417</b>
<b>Operating lease commitments (b)</b>		
<b>Payable:</b>		
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
	<b>431,908</b>	<b>479,444</b>
<b>Other commitments (c)</b>		
<b>Payable:</b>		
Not later than one year	53,908	-
	<b>53,908</b>	-

(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.

# Notes to the Preliminary Final Report

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## 15a. CASH AND CASH EQUIVALENTS

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

## 15b. NOTES TO THE CASH FLOW STATEMENT

	2013 \$'000	2012 \$'000
<b>Reconciliation of profit for the period to net cash flows related to operating activities:</b>		
<b>Profit after tax</b>	<b>488,605</b>	<b>176,748</b>
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)
<b>Net operating cash flows</b>	<b>821,900</b>	<b>(115,081)</b>

## 16. 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.

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## AUDIT

This report is based on accounts which are in the process of being audited.



Warren Coatsworth  
Company Secretary

Date: 27 August 2013