SGH | Industrial Services, Media, Energy and Investments

25 February 2015

Company Announcements Office
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgment

Total pages: 38 (including cover letter)

Dear Sir / Madam

HALF YEAR FINANCIAL REPORT AND MEDIA RELEASE

In accordance with the Listing Rules, following are the Half-Year Report Appendix 4D, the Half-Year Financial Report at 31 December 2014 and the Media Release.

Yours faithfully

Warren Coatsworth
Company Secretary

Appendix 4D - Half-Year Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
ABN 46 142 003 469
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Results For Announcement To The Market

REPORTED			$000
Revenue from ordinary activities	down	**11.37%** to	**1,397,774**
Net profit from ordinary activities after tax attributable to members	down	**74.05%** to	**68,485**
Net profit for period attributable to members	down	**74.05%** to	**68,485**

UNDERLYING			$000
Revenue from ordinary activities	down	**11.37%** to	**1,397,774**
Net profit from ordinary activities after tax attributable to members excluding significant items	down	**9.97%** to	**117,950**
Net profit for period attributable to members excluding significant items	down	**9.97%** to	**117,950**

Dividends	Amount per security	Franked amount per security
Ordinary shares		
Interim	20 cents	20 cents

Record date for determining entitlements to the dividend 5.00pm on 27 March 2015

Date the interim dividend is payable 10 April 2015

Transferable Extendable Listed Yield Shares (TELYS4)		
Interim (paid 1 December 2014)	$ 2.6176	$ 2.6176

Payments of TELYS4 dividends are in accordance with the prospectus.

Commentary on results
Detailed commentary on the results for the period is contained in the press release dated 25 February 2015 accompanying this Report.

Net tangible asset backing
Net tangible asset backing per ordinary share: $6.52 (31 December 2013: $6.87). This has been calculated by dividing the net assets attributable to equity holders of the Company (reduced for the value of TELYS4 preference shares) less intangible assets by the number of ordinary shares at 31 December 2014.

Appendix 4D - Half-Year Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
ABN 46 142 003 469
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Results For Announcement To The Market
Underlying Trading Performance

	As reported		Significant items [a]		Underlying trading performance [b]	
	6 months to 31 Dec 14 $000	6 months to 31 Dec 13 $000	6 months to 31 Dec 14 $000	6 months to 31 Dec 13 $000	6 months to 31 Dec 14 $000	6 months to 31 Dec 13 $000
Total revenue	1,397,774	1,577,124	-	-	1,397,774	1,577,124
Total other income	97,743	96,261	(38,256)	(34,616)	59,487	61,645
Share of results from equity accounted investees	35,682	82,191	17,338	(14,822)	53,020	67,369
(Impairment)/impairment reversal of equity accounted investees	(195,539)	127,902	195,539	(127,902)	-	-
Total expenses excluding depreciation and amortisation	**(1,408,137)**	**(1,504,081)**	**96,494**	**11,681**	**(1,311,643)**	**(1,492,400)**
(Loss)/profit before depreciation and amortisation, net finance costs and tax	**(72,477)**	**379,397**	**271,115**	**(165,659)**	**198,638**	**213,738**
Depreciation and amortisation	(23,656)	(24,473)	-	-	(23,656)	(24,473)
(Loss)/profit before net finance costs and tax	**(96,133)**	**354,924**	**271,115**	**(165,659)**	**174,982**	**189,265**
Net finance costs	**(17,219)**	**(22,727)**	**(16,337)**	**(12,600)**	**(33,556)**	**(35,327)**
(Loss)/profit before tax	**(113,352)**	**332,197**	**254,778**	**(178,259)**	**141,426**	**153,938**
Income tax benefit/(expense)	182,541	(67,524)	(205,313)	45,378	(22,772)	(22,146)
Profit for the period	**69,189**	**264,673**	**49,465**	**(132,881)**	**118,654**	**131,792**
Profit for the period attributable to:						
Equity holders of the Company	68,485	263,893	49,465	(132,881)	117,950	131,012
Non-controlling interest	704	780	-	-	704	780
Profit for the period	**69,189**	**264,673**	**49,465**	**(132,881)**	**118,654**	**131,792**
EARNINGS PER SHARE (EPS)	**$**	**$**			**$**	**$**
Ordinary shares						
Basic earnings per share	0.18	0.81			0.35	0.38
Diluted earnings per share	0.18	0.81			0.35	0.38

(a) Significant items are disclosed in Note 4.

(b) Underlying trading performance is comprised of reported results less Significant items. Underlying trading performance is separately disclosed and reconciled to statutory performance to assist users in understanding the financial performance of the Group. Underlying trading performance measures are non-International Financial Reporting Standards (IFRS) measures and have not been subject to audit or review.

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

Consolidated Income Statement

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	6 months to 31 Dec 14 $000	6 months to 31 Dec 13 $000
REVENUE			
Revenue from product sales		574,847	853,035
Revenue from product support		817,769	724,089
Revenue from sale of gas and condensate		5,158	-
Total revenue		**1,397,774**	**1,577,124**
OTHER INCOME			
Dividend income		21,350	16,085
Net gain on sale of investments and equity accounted investees		27,396	21,152
Fair value movement of derivatives		-	10,964
Other investment income		13,831	12,653
Other		35,166	35,407
Total other income		**97,743**	**96,261**
Share of results from equity accounted investees	10	35,682	82,191
(Impairment)/impairment reversal of equity accounted investees	10	(195,539)	127,902
EXPENSES EXCLUDING DEPRECIATION AND AMORTISATION			
Materials cost of inventory sold and used in product sales and product support		(890,218)	(1,024,319)
Raw materials and consumables purchased		(45,532)	(47,063)
Employee benefits expense		(255,523)	(296,168)
Operating lease rental expense		(34,469)	(32,106)
Impairment of non-current assets	11	(71,435)	-
Fair value movement of derivatives		(18,928)	-
Other expenses		(92,032)	(104,425)
Total expenses excluding depreciation and amortisation		**(1,408,137)**	**(1,504,081)**
(Loss)/profit before depreciation and amortisation, net finance costs and tax		**(72,477)**	**379,397**
Depreciation and amortisation		(23,656)	(24,473)
(Loss)/profit before net finance costs and tax		**(96,133)**	**354,924**
Finance income	5	31,465	26,541
Finance costs	5	(48,684)	(49,268)
Net finance costs		**(17,219)**	**(22,727)**
(Loss)/profit before tax		**(113,352)**	**332,197**
Income tax benefit/(expense)	6	182,541	(67,524)
Profit for the period		**69,189**	**264,673**
Profit for the period attributable to:			
Equity holders of the Company		68,485	263,893
Non-controlling interest		704	780
Profit for the period		**69,189**	**264,673**
EARNINGS PER SHARE (EPS)		**$**	**$**
Ordinary shares			
Basic earnings per share	8	0.18	0.81
Diluted earnings per share	8	0.18	0.81

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

Consolidated Statement of Comprehensive Income

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	6 months to 31 Dec 14 $000	6 months to 31 Dec 13 $000
Profit for the period		**69,189**	**264,673**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale financial assets	14	55,221	119,620
Cash flow hedges: effective portion of changes in fair value	14	17,252	12,250
Foreign currency differences for foreign operations		101,352	21,728
Income tax on items of other comprehensive income	6	(18,056)	(43,879)
Total items that may be reclassified subsequently to profit or loss		**155,769**	**109,719**
Other comprehensive income for the period, net of tax		**155,769**	**109,719**
Total comprehensive income for the period		**224,958**	**374,392**
Total comprehensive income for the period attributable to:			
Equity holders of the Company		224,133	373,504
Non-controlling interest		825	888
Total comprehensive income for the period		**224,958**	**374,392**

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

Consolidated Statement of Financial Position

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
AS AT 31 DECEMBER 2014

	Note	31 Dec 14 $000	30 Jun 14 $000
CURRENT ASSETS			
Cash and cash equivalents	16a	341,758	128,326
Trade and other receivables		682,193	598,952
Inventories		885,852	856,587
Other financial assets		-	129,185
Current tax assets		11,543	12,418
Other current assets		25,772	40,411
Derivative financial instruments	9	5,903	671
Total current assets		**1,953,021**	**1,766,550**
NON-CURRENT ASSETS			
Investments accounted for using the equity method	10	986,794	1,171,883
Derivative financial instruments	9	121,378	61,106
Other financial assets		1,140,846	1,232,495
Property, plant and equipment		228,729	237,305
Production and development assets		364,200	45,126
Exploration and evaluation assets		51,574	25,649
Intangible assets		879,669	849,167
Deferred tax assets		10,670	10,123
Total non-current assets		**3,783,860**	**3,632,854**
Total assets		**5,736,881**	**5,399,404**
CURRENT LIABILITIES			
Trade and other payables		459,286	398,992
Derivative financial instruments	9	26,155	8,028
Interest bearing loans and borrowings	12	15,668	36,078
Deferred income		95,600	82,651
Provisions		125,921	105,347
Total current liabilities		**722,630**	**631,096**
NON-CURRENT LIABILITIES			
Other payables		602	623
Interest bearing loans and borrowings	12	1,381,154	1,161,587
Derivative financial instruments	9	50,269	83,420
Deferred tax liabilities		206,656	359,077
Provisions		110,242	5,899
Deferred income		14,150	14,952
Total non-current liabilities		**1,763,073**	**1,625,558**
Total liabilities		**2,485,703**	**2,256,654**
Net assets		**3,251,178**	**3,142,750**
EQUITY			
Contributed equity	13	2,545,201	2,586,218
Reserves	14	(403,409)	(557,663)
Retained earnings		1,097,221	1,102,267
Total equity attributable to equity holders of the Company		**3,239,013**	**3,130,822**
Non-controlling interest		12,165	11,928
Total equity		**3,251,178**	**3,142,750**

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

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

HALF-YEAR ENDED 31 DECEMBER 2014	Note	Contributed equity $000	Reserves $000	Retained earnings $000	Total $000	Non-controlling interest $000	Total equity $000
Balance at 1 July 2014		**2,586,218**	**(557,663)**	**1,102,267**	**3,130,822**	**11,928**	**3,142,750**
Profit for the period		-	-	68,485	68,485	704	69,189
Net change in fair value of available-for-sale financial assets		-	55,221	-	55,221	-	55,221
Cash flow hedges: effective portion of changes in fair value		-	17,252	-	17,252	-	17,252
Foreign currency differences for foreign operations	14	-	101,231	-	101,231	121	101,352
Income tax on items of other comprehensive income	6	-	(18,056)	-	(18,056)	-	(18,056)
Total comprehensive income for the period		**-**	**155,648**	**68,485**	**224,133**	**825**	**224,958**
Transactions with owners recognised directly in equity							
Ordinary dividends paid	7	-	-	(60,538)	(60,538)	(588)	(61,126)
TELYS4 dividends paid	7	-	-	(12,993)	(12,993)	-	(12,993)
Shares bought back on-market	13	(40,295)	-	-	(40,295)	-	(40,295)
Own shares acquired	13	(722)	-	-	(722)	-	(722)
Share based payments		-	(1,394)	-	(1,394)	-	(1,394)
Total contributions by and distributions to owners		**(41,017)**	**(1,394)**	**(73,531)**	**(115,942)**	**(588)**	**(116,530)**
Total movement in equity for the period		**(41,017)**	**154,254**	**(5,046)**	**108,191**	**237**	**108,428**
Balance at 31 December 2014		**2,545,201**	**(403,409)**	**1,097,221**	**3,239,013**	**12,165**	**3,251,178**

HALF-YEAR ENDED 31 DECEMBER 2013	Note	Contributed equity $000	Reserves $000	Retained earnings $000	Total $000	Non-controlling interest $000	Total equity $000
Balance at 1 July 2013		**2,630,352**	**(597,434)**	**990,053**	**3,022,971**	**12,363**	**3,035,334**
Profit for the period		-	-	263,893	263,893	780	264,673
Net change in fair value of available-for-sale financial assets		-	119,620	-	119,620	-	119,620
Cash flow hedges: effective portion of changes in fair value		-	12,250	-	12,250	-	12,250
Foreign currency differences for foreign operations	14	-	21,620	-	21,620	108	21,728
Income tax on items of other comprehensive income	6	-	(43,879)	-	(43,879)	-	(43,879)
Total comprehensive income for the period		**-**	**109,611**	**263,893**	**373,504**	**888**	**374,392**
Transactions with owners recognised directly in equity							
Ordinary dividends paid	7	-	-	(61,633)	(61,633)	(1,348)	(62,981)
TELYS4 dividends paid	7	-	-	(13,117)	(13,117)	-	(13,117)
Share based payments		-	(250)	-	(250)	-	(250)
Total contributions by and distributions to owners		**-**	**(250)**	**(74,750)**	**(75,000)**	**(1,348)**	**(76,348)**
Total movement in equity for the period		**-**	**109,361**	**189,143**	**298,504**	**(460)**	**298,044**
Balance at 31 December 2013		**2,630,352**	**(488,073)**	**1,179,196**	**3,321,475**	**11,903**	**3,333,378**

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

Consolidated Cash Flow Statement

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	6 months to 31 Dec 14 $000	6 months to 31 Dec 13 $000
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
Receipts from customers		1,530,694	1,936,043
Payments to suppliers and employees		(1,310,853)	(1,598,954)
Dividends received from equity accounted investees	10	24,614	21,178
Other dividends received		29,857	27,522
Interest and other items of a similar nature received		3,305	11,915
Interest and other costs of finance paid		(46,559)	(45,472)
Income taxes refunded/(paid)		16,786	(137,537)
Income tax funding (paid to)/received from equity accounted investee		(9,409)	10,615
Net operating cash flows	16b	**238,435**	**225,310**
CASH FLOWS RELATED TO INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment		(13,306)	(12,412)
Proceeds from sale of property, plant and equipment		333	5,948
Payments for purchase of intangible assets		(10,827)	(535)
Payments for other investments		(172,729)	(165,937)
Proceeds from sale of other financial assets		217,517	82,330
Proceeds from sale of shares in equity accounted investees		-	1,755
Return of capital from investment in equity accounted investee		-	21,050
Deferred consideration from sale of subsidiary		-	60,000
Acquisition of subsidiaries, net of cash acquired		(47,677)	-
Acquisition of equity accounted investees		(260)	-
Loans and deposits repaid		-	4,125
Net investing cash flows		**(26,949)**	**(3,676)**
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
Ordinary dividends paid	7	(60,538)	(61,633)
TELYS4 dividends paid	7	(12,993)	(13,117)
Dividends paid to non-controlling interests		(588)	(848)
Payments under share buy-back	13	(40,295)	-
Proceeds from borrowings		238,836	162,631
Repayment of borrowings		(125,938)	(327,759)
Net financing cash flows		**(1,516)**	**(240,726)**
Net increase/(decrease) in cash and cash equivalents		**209,970**	**(19,092)**
Cash and cash equivalents at beginning of period		128,326	542,108
Effect of exchange rate changes on cash and cash equivalents		3,462	1,909
Cash and cash equivalents at end of the period	16a	**341,758**	**524,925**

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

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Seven Group Holdings Limited (the Company) is a for-profit company limited by shares and the shares are publicly traded on the Australian Securities Exchange (ASX). The Company is domiciled in Australia and was incorporated on 12 February 2010.

The Interim Financial Report covers the half-year from 1 July 2014 to 31 December 2014. The consolidated financial statements of the Company as at and for the half-year ended 31 December 2014, comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in equity accounted investees.

The Interim Financial Report was authorised for issue in accordance with a resolution of the Directors on 25 February 2015.

(A) BASIS OF PREPARATION

The Interim Financial Report has been prepared in accordance with AASB 134 *Interim Financial Reporting* , the *Corporations Act 2001* and with IAS 34 *Interim Financial Reporting* .

The Interim Financial Report does not include all notes of the type normally included within the annual financial report and therefore cannot 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 Interim Financial Report should be read in conjunction with the 2014 Annual Financial Report and considered with any public announcements made by the Company during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX Listing rules. A copy of the 2014 Annual Financial Report is available from the Company on request or at www.sevengroup.com.au.

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

The Interim 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 at fair value through profit or loss;
- investments in available-for-sale financial assets; and
- assets and liabilities acquired in a business combination.

Certain comparative amounts in this Interim Financial Report have been reclassified to conform to the current year's presentation, or correct a misstatement in classification. In particular:

- production and development assets and exploration and evaluation assets are now separately disclosed on the consolidated statement of financial position. These balances were previously included in property, plant and equipment and intangible assets respectively.
- an amount of $73,291,000 has been reclassified from materials cost of inventory sold and used in product sales and product support to employee benefits expense in the prior period consolidated income statement to correct a prior period classification misstatement. The restatement had no impact on the Group's profit or loss for the half-year ended 31 December 2013.
- corporate operating costs in the reconciliation of segment EBIT to net profit before tax per consolidated income statement are now shown excluding significant items (legal settlements received).

(B) SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Report has been prepared using accounting policies that are consistent with those that were applied by the Group and disclosed in the 2014 Annual Financial Report.

A number of new or amended standards became applicable for the current reporting period, however the Group did not have to amend or change its accounting policies or make retrospective adjustments as a result of adopting these standards. It is not expected that any of these changes will significantly affect the disclosures in the 2015 Annual Financial Report.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the Consolidated Financial Statements as at and for the year ended 30 June 2014.

Fair value of assets acquired in a business combination
In determining the fair value of assets acquired in a business combination, management have used reports prepared by valuation specialists. As the accounting for the Nexus Energy Limited acquisition has not yet been finalised, the disclosure in Note 15 is reported on a provisional basis.

Measurement of fair values
The Group has an established control framework with respect to the measurement of fair values.

The investments team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation matters are reported to the Group Audit & Risk Committee.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - fair value is estimated 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.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 17: Financial Instruments.

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 maker) in assessing performance and in determining the allocation of resources.

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

- WesTrac Australia - WesTrac Australia is the authorised Caterpillar dealer (including Bucyrus/Expanded Mining Products) 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 (including Bucyrus/Expanded Mining Products) 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, FG Wilson power generation and dewatering equipment as well as distribution of Perkins engines.
- 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 and maintenance, mining and 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.
- Other investments - incorporates listed investments and property.
- Energy - relates to the Group's 11.2 per cent working interest in the Bivins Ranch basin in Texas USA and wholly-owned interest in Nexus Energy Limited.

The Group is domiciled in Australia and operates in three countries, Australia, China and the United States of America. Segment revenues are allocated based on the country in which the customer is located. The WesTrac China segment represents all revenue derived from mainland China and Hong Kong.

Accounting policies

The accounting policies used by the Group in reporting segments internally are the same as those described in Note 1 of the 2014 Annual Financial Report.

3. OPERATING SEGMENTS (CONTINUED)

	WesTrac Australia [(a)]		WesTrac China		AllightSykes [(a)]		Coates Hire		Media investments [(b)]		Energy		Other investments		Total	
	31 Dec 14 $000	31 Dec 13 $000	31 Dec 14 $000	31 Dec 13 $000	31 Dec 14 $000	31 Dec 13 $000	31 Dec 14 $000	31 Dec 13 $000	31 Dec 14 $000	31 Dec 13 $000	31 Dec 14 $000	31 Dec 13 $000	31 Dec 14 $000	31 Dec 13 $000	31 Dec 14 $000	31 Dec 13 $000
Segment revenue																
Sales to external customers	1,072,635	1,261,024	276,794	265,847	43,187	50,253	-	-	-	-	5,158	-	-	-	1,397,774	1,577,124
Segment result																
Segment earnings before interest, tax, depreciation and amortisation (EBITDA) [(c)(d)]	101,823	115,281	17,569	12,673	(1,081)	536	8,421	15,982	58,646	62,609	3,950	-	20,271	17,633	209,599	224,714
Depreciation and amortisation	(14,576)	(18,308)	(4,794)	(3,530)	(2,140)	(2,325)	-	-	-	-	(1,617)	-	(181)	(310)	(23,308)	(24,473)
Segment earnings before interest and tax (EBIT) [(e)]	**87,247**	**96,973**	**12,775**	**9,143**	**(3,221)**	**(1,789)**	**8,421**	**15,982**	**58,646**	**62,609**	**2,333**	**-**	**20,090**	**17,323**	**186,291**	**200,241**
Other segment information																
Share of results of equity accounted investees included in segment EBIT (excluding significant items) [(d)]	1,937	970	-	(327)	-	-	7,171	14,732	43,647	48,578	-	-	264	3,416	53,019	67,369
Impairment of assets recognised in profit or loss	-	-	(71,435)	-	-	-	-	-	(195,539)	127,902	-	-	-	-	(266,974)	127,902
Capital expenditure	(16,666)	(7,436)	(767)	(908)	(538)	(716)	-	-	-	-	(6,162)	-	-	(3,887)	(24,133)	(12,947)

	31 Dec 14 $000	30 Jun 14 $000	31 Dec 14 $000	30 Jun 14 $000	31 Dec 14 $000	30 Jun 14 $000	31 Dec 14 $000	30 Jun 14 $000	31 Dec 14 $000	30 Jun 14 $000	31 Dec 14 $000	30 Jun 14 $000	31 Dec 14 $000	30 Jun 14 $000	31 Dec 14 $000	30 Jun 14 $000
Balance sheet																
Investments accounted for using the equity method	29,015	27,078	-	-	-	-	455,226	452,270	474,734	661,804	-	-	27,819	30,731	986,794	1,171,883
Other segment assets	1,548,288	1,641,090	778,659	676,613	128,761	130,267	-	-	353,797	345,595	516,360	-	921,625	960,388	4,247,490	3,753,953
Segment assets	**1,577,303**	**1,668,168**	**778,659**	**676,613**	**128,761**	**130,267**	**455,226**	**452,270**	**828,531**	**1,007,399**	**516,360**	**-**	**949,444**	**991,119**	**5,234,284**	**4,925,836**
Segment liabilities	**(375,878)**	**(367,098)**	**(195,218)**	**(149,105)**	**(20,230)**	**(15,234)**	**-**	**-**	**-**	**-**	**(149,530)**	**-**	**(17,443)**	**(17,274)**	**(758,299)**	**(548,711)**

(a) WesTrac Australia and AllightSykes results above have been reduced in relation to the elimination of sales to Coates Hire, due to the Group's interest in Coates Hire.
(b) Media investments comprise investments accounted for using the equity method and available-for-sale financial assets.
(c) Segment EBITDA comprises profit before depreciation and amortisation, net finance costs, tax and significant items. Significant items are disclosed in Note 4.
(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. Significant items are disclosed in Note 4.
(e) Segment EBIT comprises profit before net finance costs, tax and significant items. Significant items are disclosed in Note 4.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

3. OPERATING SEGMENTS (CONTINUED)

Reconciliation of segment EBIT to net profit before tax per consolidated income statement	6 months to 31 Dec 14 $000	6 months to 31 Dec 13 $000
Segment earnings before interest and tax (EBIT)	186,291	200,241
Corporate operating costs net of corporate sundry income	(11,309)	(10,976)
Acquisition transaction costs incurred	(4,701)	-
Legal settlements received	10,860	2,500
Net gain on sale of investments and equity accounted investees	27,396	21,152
Share of results from equity accounted investees attributable to significant items	(17,338)	14,822
(Impairment)/impairment reversal of equity accounted investees	(195,539)	127,902
Fair value movement of derivatives	(18,928)	10,964
Impairment of non-current assets	(71,435)	-
Restructuring costs	(1,430)	(11,681)
Net finance costs	(17,219)	(22,727)
(Loss)/profit before tax per consolidated income statement	(113,352)	332,197

Reconciliation of segment operating assets to total assets per statement of financial position	31 Dec 14 $000	30 Jun 14 $000
Segment operating assets	5,234,284	4,925,836
Corporate cash holdings	341,758	128,326
Current tax assets	11,543	12,418
Deferred tax assets	10,670	10,123
Derivative financial instruments	127,281	61,777
Assets held at corporate level[f]	11,345	260,924
Total assets per statement of financial position	5,736,881	5,399,404

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 $963,149,000 (30 June 2014: $604,824,000). The total of non-current assets located in China is $476,849,000 (30 June 2014: $481,648,000) and the United States of America is $84,174,000 (30 June 2014: $70,775,000). 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	31 Dec 14 $000	30 Jun 14 $000
Segment operating liabilities	(758,299)	(548,711)
Liabilities held at corporate level	(47,502)	(59,753)
Derivative financial instruments	(76,424)	(91,448)
Current interest bearing loans and borrowings	(15,668)	(36,078)
Non current interest bearing loans and borrowings	(1,381,154)	(1,161,587)
Deferred tax liabilities	(206,656)	(359,077)
Total liabilities per statement of financial position	(2,485,703)	(2,256,654)

(f) Assets held at corporate level at 30 June 2014 include amounts in relation to Bivins Ranch and Nexus Energy. At 31 December 2014, these amounts are now disclosed within the Energy segment.

4. SIGNIFICANT ITEMS

Profit before tax includes the following income and expenses for which disclosure is relevant in explaining the underlying financial performance of the Group.

	6 months to 31 Dec 14 $000	6 months to 31 Dec 13 $000
SIGNIFICANT ITEMS		
Net gain on sale of investments and equity accounted investees	27,396	21,152
(Impairment)/impairment reversal of equity accounted investees	(195,539)	127,902
Share of results from equity accounted investees attributable to significant items	(17,338)	14,822
Impairment of non-current assets	(71,435)	-
Fair value movement of derivatives	(18,928)	10,964
Restructuring and redundancy costs	(1,430)	(11,681)
Significant items in finance income	16,337	12,600
Acquisition transaction costs incurred	(4,701)	-
Legal settlements received or receivable	10,860	2,500
Total significant items before income tax	**(254,778)**	**178,259**
ATO formation valuation settlement	142,320	-
Income tax benefit/(expense) on significant items	62,993	(45,378)
Total significant items	**(49,465)**	**132,881**

Net gain on sale of investments and equity accounted investees relates to the net realised profit on sale of available-for-sale financial assets and equity accounted investees.

(Impairment)/impairment reversal of equity accounted investees relates to the impairment (charge)/reversal of the Group's investment in the ordinary equity of Seven West Media.

Share of results from equity accounted investees attributable to significant items relates to the Group's share of significant items included in the results of equity accounted investees such as restructuring and redundancy costs, payments for the termination of senior management and onerous contract provisions.

Impairment of non-current assets relates to the impairment of the WesTrac China distribution network. Refer to Note 11: Intangible Assets for further information.

Fair value movement of derivatives relates to the Group's derivatives not used as part of a designated hedge.

Restructuring and redundancy costs relate to the restructuring programs undertaken by WesTrac Australia and AllightSykes.

Significant items in finance income comprises finance fee income relating to the loans receivable from Nexus prior to acquisition. The prior period includes the unwind of discount to reflect the cash received during the period from deferred proceeds on sale of vividwireless and financial guarantee fee income received from equity accounted investees.

Acquisition transaction costs incurred relates to one-off transactions of acquisition costs incurred.

Legal settlements received or receivable relates to one-off legal settlements received.

ATO formation valuation settlement comprises the settlement of an outstanding tax objection with the Australian Taxation Office (ATO). Refer to Note 6: Income Tax for further information.

Notes to the Consolidated Financial Statements

5. NET FINANCE EXPENSE

	6 months to 31 Dec 14 $000	6 months to 31 Dec 13 $000
FINANCE INCOME		
Interest income on bank deposits	4,077	13,920
Interest income on loans receivable - Nexus Energy Limited (pre-acquisition)	10,914	-
Fair value unwind of deferred consideration	-	8,600
Financial guarantee fee income from equity accounted investee	-	4,000
Finance fee income - Nexus Energy Limited (pre-acquisition)	16,337	-
Other	137	21
Total finance income	**31,465**	**26,541**
FINANCE COSTS		
Interest expense	(43,656)	(44,894)
Borrowing costs	(5,028)	(4,374)
Total finance costs	**(48,684)**	**(49,268)**
Net finance expense	**(17,219)**	**(22,727)**

6. INCOME TAX

	6 months to 31 Dec 14 $000	6 months to 31 Dec 13 $000
INCOME TAX EXPENSE		
Current tax expense	(134,202)	(31,252)
Deferred tax benefit/(expense)	169,936	(42,971)
ATO formation valuation settlement	142,320	-
Adjustment for prior periods - non-temporary differences	4,487	6,699
Total income tax benefit/(expense) in consolidated income statement	**182,541**	**(67,524)**
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX STATUTORY PROFIT:		
Income tax using the domestic corporation tax rate 30%	34,006	(99,659)
Recognition of deferred tax asset on revenue losses, not previously recognised [a]	1,003	-
Franked dividends	12,343	11,443
Share of equity accounted investees' net profit	1,731	8,144
Non-assessable income	7,940	6,059
Non-deductible expenses	(592)	(952)
Deferred tax asset not recognised in relation to impairment of assets	(21,431)	-
ATO formation valuation settlement	142,320	-
Under provided in prior years	4,487	6,699
Difference in overseas tax rates	734	742
Income tax benefit/(expense)	**182,541**	**(67,524)**
DEFERRED INCOME TAX RECOGNISED DIRECTLY IN EQUITY		
Relating to available-for-sale financial assets	(12,811)	(40,408)
Relating to cash flow hedge reserve	(5,245)	(3,471)
Relating to foreign currency translation	1,088	-
Total deferred income tax recognised directly in equity	**(16,968)**	**(43,879)**

(a) prior year revenue losses where a deferred tax asset not previously recognised was utilised in the current period.

During the period, the Company settled an outstanding tax objection with the Australian Taxation Office (ATO) relating to the tax cost base of assets on formation of Seven Group Holdings Limited in May 2010. The settlement resulted in an increase in the tax cost base of certain tax consolidated group assets and accordingly, an income tax benefit of $142,320,000 has been recognised in the current period income statement. As some of the assets were disposed in prior financial years, amended income tax returns have been lodged with the ATO, resulting in tax refunds totalling $21,900,000 which were yet to be received at 31 December 2014. The outstanding tax position did not meet the recognition requirements of actual or contingent assets in prior periods.

7. DIVIDENDS

	Date of payment	Franked / unfranked		Amount per share	6 months to 31 Dec 14 $000
DIVIDENDS PAID					
Ordinary shares					
Final dividend in respect of 2014 year	13 Oct 14	Franked	$	0.20	60,538
Transferable Extendable Listed Yield Shares (TELYS4)					
Dividend	01 Dec 14	Franked	$	2.6176	12,993
Dividends paid					**73,531**
Subsequent event					
Current period interim dividend on ordinary shares proposed but not provided					
Ordinary shares					
Interim dividend in respect of 2015 year	10 Apr 15	Franked	$	0.20	59,252

	Date of payment	Franked / unfranked		Amount per share	6 months to 31 Dec 13 $000
DIVIDENDS PAID					
Ordinary shares					
Final dividend in respect of 2013 year	11 Oct 13	Franked	$	0.20	61,633
Transferable Extendable Listed Yield Shares (TELYS4)					
Dividend	02 Dec 13	Franked	$	2.6427	13,117
Dividends paid					**74,750**

8. EARNINGS PER SHARE

	6 months to 31 Dec 14 $000	6 months to 31 Dec 13 $000
EARNINGS RECONCILIATION		
Net profit attributable to equity holders of the Company	68,485	263,893
Allocated earnings to category of share:		
- Ordinary shares	55,392	250,763
- TELYS4	13,093	13,130
	68,485	**263,893**

Notes to the Consolidated Financial Statements

8. EARNINGS PER SHARE (CONTINUED)

	31 Dec 14 Number	31 Dec 13 Number
WEIGHTED AVERAGE NUMBER OF SHARES		
Ordinary shares for basic earnings per share:		
Issued shares as at 1 July	302,691,886	308,160,281
- Shares bought back and cancelled - 1 July 2014 to 9 December 2014	(6,431,605)	-
Issued shares as at 31 December	296,260,281	308,160,281
Weighted average number of shares (basic) at 31 December	300,622,931	308,160,281
Effect of share options on issue - ordinary shares	-	172,566
Weighted average number of shares (diluted) at 31 December	300,622,931	308,332,847
TELYS4		
Issued shares as at 1 July	4,963,640	4,963,640
Issued shares as at 31 December	4,963,640	4,963,640
Weighted average number of shares (basic and diluted) at 31 December	4,963,640	4,963,640

	$	$
STATUTORY EARNINGS PER SHARE		
Ordinary shares - total earnings per share from continuing operations:		
- Basic	0.18	0.81
- Diluted	0.18	0.81
TELYS4 - total earnings per TELYS4:		
- Basic	2.64	2.65
- Diluted	2.64	2.65

	$	$
UNDERLYING EARNINGS PER SHARE FROM CONTINUING OPERATIONS		
Ordinary shares - total underlying earnings per share from continuing operations		
- Basic	0.35	0.38
- Diluted	0.35	0.38

Underlying earnings per share from continuing operations is statutory earnings per share less significant items. Significant items are disclosed in Note 4. 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 per share from continuing operations is a non-IFRS measure and is calculated as follows:

	6 months to 31 Dec 14 $000	6 months to 31 Dec 13 $000
Net profit attributable to equity holders of the Company	68,485	263,893
Less: significant items (refer Note 4)	49,465	(132,881)
Underlying net profit attributable to equity holders of the Company	117,950	131,012
Allocated underlying earnings to category of share:		
- Ordinary shares	104,857	117,882
- TELYS4	13,093	13,130
	117,950	**131,012**

9. DERIVATIVE FINANCIAL INSTRUMENTS

	31 Dec 14 $000	30 Jun 14 $000
CURRENT ASSETS		
Forward foreign exchange contracts - cash flow hedges	1,568	671
Other derivatives	4,335	-
	5,903	671
NON-CURRENT ASSETS		
Cross currency swaps - cash flow hedges	121,378	61,106
CURRENT LIABILITIES		
Forward foreign exchange contracts and cross currency swaps - cash flow hedges	(3,607)	(4,993)
Other derivatives	(22,548)	(3,035)
	(26,155)	(8,028)
NON-CURRENT LIABILITIES		
Forward foreign exchange contracts and cross currency swaps - cash flow hedges	(42,492)	(74,632)
Interest rate swaps - cash flow hedges	(7,777)	(8,788)
	(50,269)	(83,420)
Net derivative financial instruments	**50,857**	**(29,671)**

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.

(i) Interest rate swaps
The Group's policy is to hedge a portion 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 hedge 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 consolidated income statement.

(ii) Foreign exchange contracts
The Group enters into forward foreign currency exchange contracts to hedge a portion of the USD denominated debt in conjunction with cross currency swaps. The Group has obligations to repay the principal amount of USD denominated debt and interest thereon. The full amount of USD 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.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 Dec 14 $000	30 Jun 14 $000
Investments in associates:		
Seven West Media Limited	474,734	661,804
Individually immaterial associates	33,233	31,421
Investments in joint ventures:		
Coates Group Holdings Pty Limited	455,226	452,270
Individually immaterial joint ventures	23,601	26,388
Total investments accounted for using the equity method	**986,794**	**1,171,883**

SEVEN WEST MEDIA LIMITED

Seven West Media Limited (Seven West Media) is the leading listed national multi-platform media business based in Australia. The Group has classified its investment in Seven West Media as an associate as the Group, through its 35.3% ownership interest and equivalent voting rights has the ability to significantly influence, but not control or jointly control the financial and operating policy decisions of Seven West Media.

COATES GROUP HOLDINGS PTY LIMITED

Coates Group Holdings Pty Limited (Coates Hire) is Australia's largest and leading rental company. The investment deed entered into by a wholly-owned Group subsidiary, National Hire Group Limited (National Hire) and The Carlyle Group (Carlyle) confers equal control rights of Coates Hire to each of National Hire and Carlyle. As the Group has joint control and Coates Hire is a separate entity in which the Group has an interest in the residual net assets, the Group's investment in Coates Hire is classified as a joint venture.

Although the Group's voting rights in Coates Hire are 50%, the Group has determined its economic interest to be 45.8% after considering vesting conditions for options issued under Coates Group's Management Equity Plan.

Detailed in the table below are the Group's associates and joint ventures as at 31 December 2014. The country of incorporation is also their principal place of business.

Investee	Principal activities	Country of incorporation	Balance date	Ownership interest 31 Dec 14	Ownership interest 30 Jun 14
ASSOCIATES					
Energy Power Systems Australia Pty Ltd	Distribution and rental of CAT engine products	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 management	Australia	30 Jun	25.0%	25.0%
Revy Investments Trust	Property management	Australia	30 Jun	25.0%	25.0%
Seven West Media Limited	Media	Australia	27 Jun	35.3%	35.3%
JOINT VENTURES					
Coates Group Holdings Pty Limited [a]	Rental services	Australia	30 Jun	45.8%	45.0%
Flagship Property Holdings Pty Limited [b]	Property management	Australia	31 Dec	47.3%	46.8%
Kings Square Pty Ltd	Property development	Australia	30 Jun	50.0%	50.0%
Kings Square No. 4 Unit Trust	Property development	Australia	30 Jun	50.0%	50.0%

(a) The Group has determined its economic interest in Coates Group Holdings Pty Limited to be 45.8% after the lapsing of options issued under Coates Group's Management Equity Plan.

(b) The Group's interest in Flagship Property Holdings Pty Limited increased to 47.3% on 30 July 2014.

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

	EQUITY ACCOUNTED INVESTEES	
	6 months to 31 Dec 14 $000	**6 months to 31 Dec 13 $000**
SHARE OF INVESTEES' NET PROFIT		
Share of operating profit before tax	52,929	109,111
Share of income tax expense	(17,247)	(26,920)
Share of results from equity accounted investees	**35,682**	**82,191**

	31 Dec 14 $000	**30 Jun 14 $000**
MARKET VALUES OF LISTED INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Seven West Media Limited		
Book value	474,734	661,804
Market value	474,734	661,804

In addition to the equity accounted investment shown above, the Company holds 2,500 convertible preference shares in Seven West Media with a carrying value of $316,056,000 (30 June 2014: $302,226,000) included in other financial assets.

An impairment charge of $195,539,000 (half-year to 31 December 2013: impairment reversal $127,902,000) relating to the Group's investment in Seven West Media was recognised in the profit or loss during the period.

Seven West Media recognised an impairment expense of $1,064,964,000 relating to television, newspapers, magazine goodwill and mastheads and licences in the period ended 27 December 2014. The Group has not recognised its share of this expense as the cumulative impairment recognised against the Group's investment in the ordinary shares of Seven West Media exceeds this amount.

The Group received cash dividends of $24,614,000 from its investments in equity accounted investees during the half-year ended 31 December 2014 (half-year ended 31 December 2013: $21,178,000).

11. INTANGIBLE ASSETS

IMPAIRMENT OF WESTRAC CHINA DISTRIBUTION NETWORK

Following a below budget operating profit in the half-year ended 31 December 2014 and deterioration in the long term sales outlook, particularly referable to Bucyrus/Expanded Mining Products, the Group assessed the recoverable amount of the cash generating unit (CGU) related to WesTrac China.

The carrying amount of the CGU was determined to be higher than its recoverable amount of $454,092,000 and as a result an impairment loss of $71,435,000 (half-year ended 31 December 2013: nil) was recognised. The impairment loss was allocated fully to the distribution network, reducing the carrying value of the distribution network attributable to the WesTrac China segment to $454,092,000. This expense is included in impairment of non-current assets in the consolidated income statement.

The recoverable amount of the WesTrac China CGU was calculated on a fair value less costs of disposal basis, estimated using discounted cash flow projections in United States Dollars, the functional currency of the WesTrac China CGU. Fifteen years of cash flows were included in the discounted cash flow model, consistent with independent valuation methodologies utilised at 30 June 2014. The valuation model, originally prepared by an independent valuer, was updated at 31 December 2014 for management's assessment of the short to medium term outlook for machine sales and investment in working capital.

Fair value less costs of disposal was determined by discounting the estimated future cash flows expected to be generated from the CGU. Fair value less costs of disposal as at 31 December 2014 was determined similarly to the 30 June 2014 impairment test and was based on assumptions including discount rates, terminal growth rates, working capital projections, forecast sales growth rates, forecast margins and market share. The values assigned to terminal growth and discount rates are detailed below:

	31 Dec 14	**30 Jun 14**
	%	**%**
Growth rate [(a)]	4.00	4.00
Discount rate (pre-tax)	11.89	11.89

(a) the weighted average growth rate used to extrapolate cash flows beyond the budget or forecast period.

The assumptions used represent management’s assessment of future trends in the heavy equipment market in the Northern China provinces in which WesTrac China operates and are based on historical and forecast data from both external and internal sources.

Following recognition of the impairment loss in the WesTrac China CGU, the recoverable amount is equal to the carrying amount. Accordingly, any adverse change in a key assumption may result in a further impairment.

The table below outlines the movement in the carrying value of the WesTrac China distribution network.

	31 Dec 14	**30 Jun 14**
	$000	**$000**
Cost		
Balance at beginning of period	456,592	372,396
Acquisition from business combination	-	92,887
Exchange differences	68,935	(8,691)
Balance at end of period	**525,527**	**456,592**
Impairment losses		
Balance at beginning of period	-	-
Impairment loss	(71,435)	-
Balance at end of period	**(71,435)**	**-**
Carrying amount		
Balance at beginning of period	456,592	372,396
Acquisition from business combination	-	92,887
Impairment loss	(71,435)	-
Exchange differences	68,935	(8,691)
Balance at end of period	**454,092**	**456,592**

12. INTEREST BEARING LOANS AND LIABILITIES

	31 Dec 14 $000	30 Jun 14 $000
CURRENT		
Interest bearing liabilities	12,370	33,780
Finance lease liabilities	3,298	2,298
	15,668	**36,078**
NON-CURRENT		
Interest bearing liabilities	697,497	565,732
Finance lease liabilities	5,011	64
Fixed term US dollar notes	682,820	600,845
Less: capitalised borrowing costs net of accumulated amortisation	(4,174)	(5,054)
	1,381,154	**1,161,587**

The current interest bearing liabilities of $12,370,000 (30 June 2014: $33,780,000) relate to the Group's working capital facilities. These liabilities are drawn from rolling short dated facilities within Australia of $513,000 (30 June 2014: $5,709,000) and China $11,857,000 (30 June 2014: $28,071,000) and are generally reviewed annually. These liabilities are unsecured.

At 31 December 2014, the Group had available borrowing facilities of $974,777,000 (30 June 2014: $1,075,423,000) and also had access to unutilised short dated lines of credit totalling $167,605,000 (30 June 2014: $187,827,000).

13. CONTRIBUTED EQUITY

	31 Dec 14 $000	30 Jun 14 $000
SHARE CAPITAL		
296,260,281 ordinary shares, fully paid (30 June 2014: 302,691,886)	2,118,758	2,159,053
4,963,640 TELYS4 preference shares, fully paid (30 June 2014: 4,963,640)	427,165	427,165
116,316 treasury shares, fully paid (30 June 2014: nil)	(722)	-
Balance at end of the period	**2,545,201**	**2,586,218**
MOVEMENTS IN ORDINARY SHARES		
Balance at beginning of period	2,159,053	2,203,187
On-market share buy-back and cancellation of shares - 1 July 2014 to 9 December 2014 (6,431,605 shares)	(40,295)	-
On-market share buy-back and cancellation of shares - 13 January 2014 to 30 June 2014 (5,468,395 shares)	-	(44,134)
Balance at end of the period	**2,118,758**	**2,159,053**
MOVEMENTS IN PREFERENCE SHARES - TELYS4		
Balance at beginning of period	427,165	427,165
Balance at end of the period	**427,165**	**427,165**
MOVEMENTS IN TREASURY SHARES		
Balance at beginning of period	-	-
On-market share acquisition - 27 November 2014	(722)	-
Balance at end of the period	**(722)**	**-**

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.

The Company completed the on-market share buy-back on 9 December 2014 as the target of 11.9 million of the Company's shares, had been acquired and subsequently cancelled. In the period 1 July 2014 to 9 December 2014, 6,431,605 shares were acquired at a total cost of $40,295,000.

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 the Bank Bill Swap Rate for 180 days plus Margin. The Margin is set at 4.75 per cent 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.

The current TELYS4 Dividend Rate for the period 30 November 2014 to 30 May 2015 is 5.2885% per annum, fully franked. The cash paid is reduced to the extent of any franking credits attached.

Treasury shares consist of shares held in trust for the Groups' executives in relation to employee equity benefits. At 31 December 2014 116,316 shares were held in trust and classified as treasury shares.

Notes to the Consolidated Financial Statements

14. 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
At 1 July 2014	**(63,455)**	**7,594**	**(642,586)**	**(1,986)**	**158,859**	**(16,089)**	**(557,663)**
Fair value movement on available-for-sale financial assets	-	-	-	-	55,221	-	55,221
Tax effect of net gain on available-for-sale financial assets	-	-	-	-	(12,811)	-	(12,811)
Net gain on cash flow hedges	-	-	-	17,281	-	-	17,281
Tax effect of net gain on cash flow hedges	-	-	-	(5,245)	-	-	(5,245)
Movement in reserves of equity accounted investees	-	(1,656)	-	(29)	-	-	(1,685)
Currency translation differences	-	-	-	-	-	101,231	101,231
Share based payment expense	-	262	-	-	-	-	262
At 31 December 2014	**(63,455)**	**6,200**	**(642,586)**	**10,021**	**201,269**	**85,142**	**(403,409)**
At 1 July 2013	**(63,455)**	**11,224**	**(642,586)**	**(16,548)**	**122,556**	**(8,625)**	**(597,434)**
Fair value movement on available-for-sale financial assets	-	-	-	-	119,620	-	119,620
Tax effect of net gain on available-for-sale financial assets	-	-	-	-	(40,408)	-	(40,408)
Net gain on cash flow hedges	-	-	-	11,571	-	-	11,571
Tax effect of net gain on cash flow hedges	-	-	-	(3,471)	-	-	(3,471)
Movement in reserves of equity accounted investees	-	(250)	-	679	-	5,475	5,904
Currency translation differences	-	-	-	-	-	16,145	16,145
At 31 December 2013	**(63,455)**	**10,974**	**(642,586)**	**(7,769)**	**201,768**	**12,995**	**(488,073)**

NATURE AND PURPOSE OF RESERVES

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

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

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

15. ACQUISITION OF BUSINESS

ACQUISITION OF NEXUS ENERGY LIMITED

On 31 December 2014, a wholly owned group subsidiary, SGH Energy (No 2) Pty Limited, acquired all the outstanding issued shares in Nexus Energy Limited (NXS), a then ASX listed oil and gas production, development and exploration company. The transaction was completed through the execution of a Deed of Company Arrangement (DOCA) having received both NSW Supreme Court and Australian Securities and Investments Commission (ASIC) approval.

The acquisition of NXS underpins the Group's move to create an third operating "pillar", energy, a sector the Group believes to have potential to generate returns in excess of its cost of capital.

The consideration transferred included $173,748,000 in respect of the settlement of senior, subordinated and working capital loans provided by the Group to NXS. No gain or loss was realised in settling the pre-acquisition loans. A further $62,248,000 was paid to settle the acquisition of NXS under the terms of the DOCA.

Given the date of acquisition, the fair values of the identifiable assets acquired and liabilities assumed of NXS are provisional. Apart from interest on loans receivable and finance fee income of $27,251,000 earned prior to acquisition, NXS did not contribute to the Group's profit or loss for the period. Management estimates that NXS would have contributed revenue from sale of gas and condensate of $18,441,000 and a net loss after tax of $42,565,000 (inclusive of $30,000,000 in settlement of Sedco claims) for the period if the transaction had taken place on 1 July 2014.

	31 Dec 14 $000
Consideration	
Loans receivable settled as part of business combination	173,748
Cash paid	62,248
Cash acquired	(14,571)
Total consideration	**221,425**
Identifiable assets acquired and liabilities assumed	
Trade and other receivables	11,740
Production and development assets	306,600
Exploration and evaluation assets	25,000
Trade and other payables	(42,930)
Provisions	(104,900)
Provisional fair value of net identifiable assets	**195,510**
Goodwill on acquisition	
Total consideration transferred for accounting purposes at fair value	221,425
Provisional fair value of identifiable net assets	195,510
Goodwill on acquisition	**25,915**

Goodwill on acquisition of $25,915,000 represents the benefit of synergies to be generated through the Group's existing oil and gas assets in the Bivins Ranch Basin in Texas USA and more importantly, the leveraging of industry knowledge, experience and expertise of key Group executives.

Acquisition costs of $2,771,000 relating to the transaction have been incurred in the current period and are included in other expenses in the consolidated income statement. Subsequent to 31 December 2014, Nexus Energy Limited changed its name to SGH Energy Pty Limited.

ACQUISITION OF BUCYRUS CHINA (PRIOR YEAR ACQUISITION)

The acquisition accounting for the acquisition of Bucyrus China is yet to be finalised. It will be completed by May 2015.

16a. CASH AND CASH EQUIVALENTS

	31 Dec 14 $000	31 Dec 13 $000
Bank balances	297,782	266,059
Call deposits	43,976	258,866
Cash and cash equivalents	**341,758**	**524,925**
Cash and cash equivalents in the cash flow statement	**341,758**	**524,925**

16b. NOTES TO THE CASH FLOW STATEMENT

	6 months to 31 Dec 14 $000	6 months to 31 Dec 13 $000
Reconciliation of profit for the period to net cash flows related to operating activities:		
Profit after tax	**69,189**	**264,673**
Depreciation and amortisation:		
Property, plant and equipment	21,677	24,039
Intangible assets	1,979	434
Capitalised borrowing costs	917	948
Share of results from equity accounted investees	(35,682)	(82,191)
Share based payment expense	568	283
Dividends received from equity accounted investees	24,614	21,178
Other investment income	(13,831)	(12,653)
Net gain on sale of investments and equity accounted investees	(27,396)	(21,152)
Fair value movement of derivatives	18,928	(10,964)
Non-cash interest and finance fee income - Nexus Energy Limited	(27,251)	-
Impairment/(impairment reversal) of equity accounted investees	195,539	(127,902)
Impairment of non-current assets	71,435	-
Other	(88)	1,280
Movement in:		
Trade and other receivables	73,579	230,730
Inventories	(30,102)	164,508
Other assets	14,639	-
Trade and other payables/deferred income	59,854	(158,245)
Provisions	(9,983)	2,166
Tax balances	(170,150)	(71,822)
Net operating cash flows	**238,435**	**225,310**

17. FINANCIAL INSTRUMENTS

CARRYING AMOUNTS VERSUS FAIR VALUES

The fair values of financial assets and liabilities, together with carrying amounts shown in the statement of financial position, are as follows:

	31 Dec 14 Carrying amount $000	31 Dec 14 Fair value $000
Financial assets		
Cash and cash equivalents	341,758	341,758
Trade and other receivables	682,193	682,193
Listed equity securities (available-for-sale)	793,201	793,201
Convertible preference shares - Seven West Media Limited	316,056	316,056
Unlisted equity securities	31,589	31,589
Derivative financial instruments	127,281	127,281
Total financial assets	**2,292,078**	**2,292,078**
Financial liabilities		
Trade and other payables (excluding accruals)	422,800	422,800
Fixed term US dollar notes	682,820	736,861
Interest bearing loans and borrowings	714,002	725,892
Derivative financial instruments	76,424	76,424
Total financial liabilities	**1,896,046**	**1,961,977**

Financial instruments carried at fair value

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

Level 1 – fair value is calculated using quoted prices in active markets.

Level 2 – fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3 – fair value is estimated using inputs for the asset or liability that are not based on observable market data.

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

AT 31 DECEMBER 2014	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets				
Available-for-sale financial assets				
Listed equity investments	793,201	-	-	793,201
Derivative financial instruments	-	127,281	-	127,281
	793,201	**127,281**	**-**	**920,482**
Liabilities				
Derivative financial instruments	-	76,424	-	76,424
	-	**76,424**	**-**	**76,424**

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.

There have been no transfers between different levels in the fair value hierarchy in the period.

18. COMMITMENTS

	31 Dec 14 $000	30 Jun 14 $000
Capital expenditure commitments		
Payable:		
Not later than one year	**30,924**	**1,372**
Finance lease commitments		
Payable:		
Not later than one year	3,255	2,358
Later than one year but not later than five years	5,057	79
Minimum lease payments[a]	**8,312**	**2,437**
Less future finance charges	(11)	(75)
	8,301	**2,362**
Operating lease commitments[b]		
Payable:		
Not later than one year	56,854	64,044
Later than one year but not later than five years	192,268	191,228
Later than five years	111,097	112,170
	360,219	**367,442**
Exploration expenditure commitments[c]		
Payable:		
Not later than one year	142,541	-
Later than one year but not later than five years	3,968	-
	146,509	**-**
The above commitments include exploration expenditure commitments relating to joint venture operations in relation to AC/RL9:		
Not later than one year	82,041	-
Later than one year but not later than five years	3,968	-
	86,009	**-**
Other commitments[d]		
Payable:		
Not later than one year	**19,839**	**40,087**

(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) Exploration expenditure commitments relate to work commitments pursuant to the award of petroleum exploration permits VIC/P54, WA377P and AC/RL9. Estimates for future exploration expenditure commitments are based on estimated well and seismic costs which will change as actual drilling location and seismic surveys are organised and are determined in current dollars on a undiscounted basis. The exploration and evaluation obligations may vary significantly as a result of renegotiations with relevant parties.

(d) Other commitments relates to the Group's commitment to invest in an unlisted investment fund.

19. RELATED PARTY TRANSACTIONS

Arrangements with related parties continue to be in place. For details of these arrangements please refer to Notes 30 and 31 of the 2014 Annual Report.

At the Annual General Meeting in November 2014, shareholders approved the following equity awards to Key Management Personnel:

- an award of shares under the Seven Group Holdings Limited Short Term Incentive Plan to the value of $720,000 to the Managing Director & Chief Executive Officer, Mr Don Voelte AO.
- an award of performance rights under the Seven Group Holdings Limited Long Term Incentive Plan to a maximum of 57,251 performance rights to the Chief Operating Officer, Mr Ryan Stokes.

During the period, the Company issued 1,142,857 Share Appreciation Rights (SARs) to Mr Don Voelte AO under the terms of the Company's Long-Term Incentive Plan. Further information regarding the terms of the SARs are contained in section 5d of the Remuneration Report within the 2014 Annual Report.

There have been no other substantial related party transactions entered into during the period.

20. EVENTS SUBSEQUENT TO BALANCE DATE

IOC WITHHOLDING TAX

The Group received a judgement in December 2014 in relation to a disputed withholding tax amount referable to the 2000 Sydney Olympic Games. An amount of $10,860,000 is included in other income at December 2014 in relation to this judgement. In February 2015, the ATO advised their intention to appeal this decision.

SYNDICATED LOAN FACILITY

The Group refinanced its syndicated loan facility in February 2015. The facility has increased in size from $750,000,000 to $900,000,000 with a four year duration and an option to extend.

SHARE BUY-BACK

The Company announced it would undertake a further on-market share buy-back of up to 17.7 million shares, commencing 12 March 2015.

Directors' Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

The Directors of Seven Group Holdings Limited (the Company) are pleased to present their report together with the consolidated financial statements for the half-year ended 31 December 2014 and the review report thereon.

DIRECTORS

The Directors of Seven Group Holdings Limited at any time during or since the end of the half-year are:

NAME	PERIOD OF DIRECTORSHIP
EXECUTIVE	
Kerry Matthew Stokes AC (Executive Chairman)	Director and Executive Chairman since April 2010
Donald Rudolph Voelte AO (Managing Director & Chief Executive Officer)	Director since July 2013
David John Leckie (Executive Director, Media)	Director from April 2010 to August 2014
Bruce Ian McWilliam (Commercial Director)	Director since April 2010
Ryan Kerry Stokes (Chief Operating Officer)	Director since February 2010
NON-EXECUTIVE	
Peter David Ritchie AO (Deputy Chairman)	Director and Deputy Chairman from April 2010 to November 2014
Elizabeth Dulcie Boling	Director from April 2010 to November 2014
Terry James Davis	Director since June 2010
Christopher John Mackay	Director since June 2010
Warwick Leslie Smith AM	Director since September 2014
Richard Anders Uechtritz	Director since June 2010
Professor Murray Charles Wells	Director since April 2010

REVIEW OF RESULTS AND OPERATIONS

A review of operations and of the results of those operations in the form of a media release is attached and forms part of this Report.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 30 and forms part of the Directors' Report for the half-year ended 31 December 2014.

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 the consolidated financial statements and Directors' Report have been rounded off to the nearest one thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors

KM Stokes AC
Executive Chairman

25 February 2015

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 review for the half-year ended 31 December 2014 there have been:

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

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

KPMG

KPMG

Kevin Leighton
Partner

Sydney

25 February 2015

Directors' Declaration

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

In the opinion of the Directors of Seven Group Holdings Limited (the Company);

1. the consolidated financial statements and notes set out on pages 3 to 28 are in accordance with the Corporations Act 2001, including:
   (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
   (b) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

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

Signed in accordance with a resolution of the Directors

KM Stokes AC
Executive Chairman

25 February 2015

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

We have reviewed the accompanying half-year financial report of Seven Group Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2014, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 20 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 half-year' s end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Seven Group Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Seven Group Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Kevin Leighton
Partner

Sydney
25 February 2015

SGH | Industrial Services, Media, Energy and Investments

Seven Group Holdings Limited announces interim financial results for the half-year ended 31 December 2014

- Seven Group Holdings ("SGH") reports net underlying profit of $118.7 million – down 10 per cent on the prior comparative period but slightly ahead of guidance in a challenging market.
- WesTrac Australia product support revenue up 16 per cent on prior comparative period.
- SGH continues to generate strong operating cash flow of $238.4 million with underlying EBITDA cash conversion of 136 per cent.
- Creation of SGH Energy following the acquisition of Nexus Energy ("Nexus") which is now aggregated with the Bivins Ranch investment completed in June 2014.
- SGH maintains a strong balance sheet having refinanced its primary facility and reduced its net debt by $110.4 million.
- SGH completes a buy-back of 11.9 million shares and today announces plans to commence a further on-market buy-back of up to 17.7 million shares during CY15.
- SGH declares a fully-franked interim ordinary dividend of 20 cents per share.

Financial Results ($m)	Results for six months ended 31 December 2014	Results for six months ended 31 December 2013	% Change
Trading revenue	1,397.8	1,577.1	(11%)
Underlying EBITDA	198.6	213.7	(7%)
Underlying EBIT	175.0	189.3	(8%)
Underlying profit before tax	141.4	153.9	(8%)
Underlying profit after tax	118.7	131.8	(10%)
Underlying EPS (cents)	35c	38c	(8%)
Reported (loss)/profit before tax	(113.4)	332.2	(134%)
Reported profit after tax	69.2	264.7	(74%)
Statutory EPS (cents)	18c	81c	(78%)
Interim fully-franked dividend per ordinary share (cents)	20c	20c	-

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. Refer to the SGH Appendix 4D for a reconciliation between reported and underlying results.

Commenting on the results, Don Voelte AO, Managing Director and CEO of Seven Group Holdings, said: "The Group continues to perform in line with expectations in challenging conditions. We are building a new business division in the energy sector and have maintained our market leadership in our existing businesses. We have maintained balance sheet flexibility while investing in new systems to drive productivity across our businesses and deploying our capital to enhance shareholder returns."

Key Highlights

(25 February 2015) -- Seven Group Holdings Limited reports a statutory net profit after tax ("NPAT") of $69.2 million for the half-year ended 31 December 2014. After adjustment for significant items, SGH reports underlying NPAT of $118.7 million, down 10 per cent on the prior comparative period.

SGH delivered underlying earnings before interest and tax ("EBIT") of $175.0 million, on total revenues of $1,397.8 million. Underlying earnings per share (excluding significant items) is $0.35. Statutory earnings per share is $0.18.

As foreshadowed at the Company's Annual General Meeting ("AGM") of shareholders last November, the underlying result reflects challenging market conditions and a cautious outlook over the next six months. SGH maintains its AGM guidance that full year underlying EBIT will be down 10 to 15 per cent on FY14.

Significant Items

Significant items during the period primarily relate to an impairment of the carrying value of the investment in Seven West Media ("SWM") of $195.5 million as a result of the prevailing share price at 31 December 2014, the impairment of the WesTrac China distribution network intangible of $71.4 million and the adjustment of the tax value of the Group relating to the formation of SGH totalling $142.3 million. On an after-tax basis, significant items represent a net book cost of $49.5 million.

Balance Sheet

The Group has net assets of $3.3 billion, including a listed securities portfolio of $793.2 million, excluding its shareholding in SWM, and approximately $974.8 million in available undrawn facilities at 31 December 2014.

The Group has seen an increase in the market value of its listed portfolio over the period – with the portfolio increasing in market value by $86 million including $27.6 million realised on share sales during the half.

At 31 December 2014, the Group's net debt was approximately $1.06 billion in line with the previous financial year and reflects the completion of the Nexus acquisition to create SGH Energy and net sales within SGH's listed investment portfolio.

The Group's net debt to total assets ratio is 23 per cent and approximately 73 per cent of the Group debt is fixed. The average term of the Group's debt facilities at the end of December 2014 was 3.5 years. In February 2015, the Group refinanced its principal syndicated facility for a further four years, upsizing the facility from $750 million to $900 million achieving reduced all-in pricing and increasing the average duration of the Group's facilities to 4.4 years.

Capital Management

The Group completed its on-market share buy-back of approximately 11.9 million shares at a total cost of $84.4 million in December 2014. The Group has today announced that it intends to buy-back a maximum additional 17.7 million shares on-market, commencing 12 March 2015. This is consistent with the Group's ongoing capital management strategy to efficiently utilise available capital to improve shareholder returns. The buy-back will be EPS accretive and funded out of existing cash reserves.

Dividend

An interim fully-franked dividend of 20 cents per ordinary share has been declared, unchanged from the prior comparative period. This represents a payout ratio of 57 per cent of the underlying earnings per share.

Outlook

Soft commodity prices continue to impact our Industrial Services businesses, with miners reducing their capex programs and fleet expansion requirements while achieving greater productivity with their existing fleets. This has allowed them to increase production whilst reducing costs per tonne. This should provide ongoing maintenance opportunities for WesTrac to grow its parts and service revenue.

SWM anticipates a slight decline for 2015 financial year television advertising market from the prior year. The newspaper advertising market is expected to continue in line with current trends. Magazine advertising market trends should continue to improve. SWM has issued FY15 guidance for the Group's underlying profit (excluding significant items) to remain in line with market estimates.

SGH Energy is not expected to materially contribute to Group EBIT over the next six months, with focus on drilling activity for Bivins Ranch and the review of development options for Longtom and Crux.

While the EBIT result for the half-year is slightly ahead of guidance, benefiting from some timing issues, the Group today reiterated its previous guidance that underlying EBIT for FY15 is estimated to be down 10 to 15 per cent on the prior year, subject to there being no further deterioration in market conditions.

Review of Businesses

WesTrac Australia

WesTrac Australia delivered underlying EBIT of $87.2 million on trading revenues of $1,072.6 million.

This result reflects the challenging operating conditions faced by WesTrac, as mining related capital sales again contracted in response to lower commodity prices and continued cost cutting across the industry, resulting in product sales revenue reducing by $289 million or 47 per cent on the corresponding period.

WesTrac Australia also delivered $750 million in product support revenues, a 16 per cent increase on the prior comparative period. This increase in product support reflects an increasing focus on capturing the maintenance work on previous product sales. This change in revenue mix, coupled with ongoing restructuring of the business, has seen an improvement in underlying EBIT margin from 7.5 per cent to 8.1 per cent against the prior comparative period.

WesTrac China

WesTrac China delivered segment EBIT of US$11.4 million. This is a positive performance – with segment EBIT up 25 per cent on the segment EBIT of US$9.1 million in the prior comparative period.

Product sales revenue increased 2 per cent driven by strong engine and power systems sales due to growth in demand from the Chinese oil and gas sector. The strong engine and power systems sales offset a subdued trading environment for hydraulic excavators in WesTrac China's territories due to a contraction in coal mining driven by declining coal prices.

While trading revenue was only slightly ahead of the prior comparative period, the benefits of the significant cost reconfiguration measures implemented in FY14 resulted in WesTrac China achieving a segment EBIT margin of 4.1 per cent – up on the prior comparative period's margin of 3.7 per cent. Cost discipline remains a key focus, positioning the business to take full advantage of future market share growth.

Coates Hire

Coates Hire ("Coates") continues to deliver a dominant market share in difficult trading conditions.

Coates delivered an underlying EBIT for the period of $68 million compared to $113 million in the prior comparative period and reflects the impact of a softening in demand due to overall market conditions. Revenue was down 14 per cent on the prior comparative period (adjusted for the sale of the Coates UK business).

The business has appointed Michael Byrne as its new CEO, who is assembling a new management team. Coates has reduced net debt by $92 million over the first six months of the current financial year.

Seven West Media

SWM delivered an underlying EBIT result of $226.9 million, down 9 per cent on the prior comparative period. SWM continues to lead the market in television advertising revenue share in a tough advertising market, with a reported 40.4 per cent market share for the period. SWM booked a non-cash impairment of intangible assets totalling $1.1 billion in the half.

SWM reduced its net debt by $158m over the six months to $1.0 billion in December 2014.

SGH Energy

SGH has now created a new operating business, SGH Energy, following the successful acquisition of Nexus on 31 December 2014. SGH acquired Nexus for total consideration of $236 million excluding acquired cash and future contracted obligations. The Nexus assets have been aggregated with the Groups existing 11.2 per cent working interest in Bivins Ranch, Texas, which was acquired for US$63.7 million in June 2014.

The integration of Nexus' assets and management into SGH is progressing, with the business focusing on developing their existing portfolio of assets.

Investments and Property

Investments and Property delivered an underlying segment EBIT of $20.1 million, up $2.8 million on the prior comparative period. This was driven primarily through increased dividends received from the listed portfolio.

The portfolio delivered an annualised total return of 10 per cent against the 6.6 per cent return on S&P/ASX200 for the six months. The market value of this portfolio as at 31 December 2014 was $793.2 million.

At 31 December 2014, unrealised gains of $261 million relating to the investment portfolio are currently recognised in equity and will only be released to the income statement on disposal.

Note:

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