



23 February 2012

Company Announcements Office
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir or Madam

Austar United Communications Limited (AUN) – Q4 and FY Results 2011

AUSTAR CEO John Porter will host a briefing via teleconference and audio webcast for the Company's Q4 and full year 31 December 2011 financial results as follows:

Date:	Thursday, February 23, 2012
Time:	11.00am AEDT
Venue:	By Teleconference & Audio Webcast
Teleconference details:	Conference ID: 725709 Australia: 1800 558 698 International: +61 2 9007 3187

To access the Webcast: go to www.austarunited.com.au

The Media Release and Presentation are attached.

Yours sincerely

Deanne Weir
Company Secretary



Media Release

23 February 2012

AUSTAR 2011 Full Year Results

Key Highlights

For the twelve months ended 31 December 2011. All comparisons refer to FY2011 vs. FY 2010 unless otherwise stated.

- **Total subscribers** net decrease of 8,845 to 755,374;
- **Total ARPU** increased 4 percent or \$3.56 to \$88.64 on Q4 2010;
- **MyStar penetration** at 43 percent of residential subscriber base; and
- **Churn** increased 22 basis points to 1.52 percent.

- **Operating Cash Flow**¹ increased five percent to \$258 million;
- **Profit after Tax** increased 21 percent to \$120 million;
- **Capital expenditure** decreased by \$4 million to \$96 million;
- **Available liquidity** increased 77 percent to \$326 million; and
- **Net leverage** at 1.9 x as at 31 December 2011.

AUSTAR United Communications (ASX: AUN) (AUSTAR) today released its audited results for the full year ended 31 December 2011.

There was a net decrease in AUSTAR's total subscribers of 8,845 to 755,374, compared to the previous year. Growing competition in the market, in particular from the Free-to-Air multi-channels, continues to impact consideration and churn, where churn was up 22 basis points to 1.52 percent on the previous year.

However, MyStar continues to gain momentum with net additions of 14,500 customers in the final quarter of 2011. Overall 43 percent of AUSTAR's residential customers now choose MyStar for their homes. The MyStar phenomenon, along with other product and service enhancements, meant ARPU continued to grow, ending the fourth quarter at \$88.64, up four percent or \$3.56 on the previous corresponding period.



AUSTAR Chief Executive Office, John Porter, said: 'MyStar continues to be a strong differentiator for us, with existing customers opting-in for its control and convenience. Our 2012 AFL coverage, where our customers will see every game, of every round, live, has added another compelling dimension to our service.'

Operating Cash Flow for the 12 months increased by five percent, to \$258 million, and Profit after Tax increased 21 percent to \$120 million compared to the previous corresponding period.

Revenue remained stable despite consumer conditions and losing the \$7 million in contributions from AUSTAR's mobile business, which it sold to M2 Telecommunications on 22 February 2011. However, through controlling expenditure AUSTAR was able to deliver a strong financial result. Capital expenditure decreased by four percent to \$96 million compared to the previous corresponding period, and operating expenditure² decreased by one percent to \$145 million.

Consistent with AUSTAR's history of strong cash generation, available liquidity increased 77 percent compared to the previous 12 months to \$326 million.

Mr Porter said: "In the last half of 2011 we focused on controlling our expenditure. We did this very successfully, meaning we were able to deliver a pleasing financial result. However, we did continue to invest in our customers and we are already seeing returns, with our AFL offering in particular resonating in our markets."

FOXTEL Transaction

AUSTAR advised on 10 February 2012 that it had received court approval to postpone its Shareholder Meetings relating to the proposed acquisition of AUSTAR by FOXTEL Management Pty Ltd (FOXTEL) to 30 March 2012. This will allow time for the Australian Competition and Consumer Commission to finalise its review of the transaction.

If shareholders have questions in relation to the Transaction they may call the AUSTAR Shareholder Information Line 1300 706 158 (within Australia) or on +61 3 9946 4459 (outside Australia) Monday to Friday between 9:00am and 5:00pm (Sydney time) or contact their legal, financial, taxation or other professional adviser. Information is also available through AUSTAR's website, www.austarunited.com.au.



1. *Operating Cash Flow (OCF) – is defined as revenue less programming, communication and operating expenses, excluding share-based payments, foreign exchange, depreciation and amortisation, impairment and restructuring charges, and costs associated with the FOXTEL transaction. The OCF is the primary measure used by management to evaluate operating performance of the business.*
2. *Operating expenses exclude share-based payments, foreign exchange, depreciation and amortisation, impairment and restructuring charges, and costs associated with the FOXTEL transaction.*

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Austar United Communications (AUSTAR) www.austarunited.com.au

AUSTAR (Australian Stock Exchange “AUN”) is a leading provider of subscription television services in regional and rural Australia, with more than 750,000 customers enjoying satellite digital television services. AUSTAR is also a significant provider of programming in the Australian television market through its 50% owned joint venture, XYZnetworks, which owns and/or distributes Nickelodeon, Nick Jr, Discovery Channel, Channel [V], [V]Hits, MAX, Arena, The Lifestyle Channel, Lifestyle Food, LifeStyle You, Country Music Channel and The Weather Channel. Liberty Global, Inc., the largest international broadband cable operator in terms of subscribers, holds an indirect controlling stake in AUSTAR.



Full Year 2011 Results
12 months ended 31 December 2011

John Porter, Chief Executive Officer
23 February 2012



Operational and financial highlights

SUBSCRIBERS

- ★ 755,374 total subscribers, net loss of 8,845 subscribers on prior year
- ★ Total residential ARPU of \$88.64, up 4% or \$3.56 on Q4 2010
- ★ 1.52% average monthly churn, up 22bps on prior year
- ★ MyStar penetration at 43% of residential subscriber base

FINANCIALS

- ★ Revenue flat at \$713 million, with \$7 million less contribution from mobile¹
- ★ Gross margin up 3% to \$403 million with margin at 57%
- ★ Operating Cash Flow² up 5% to \$258 million with margin at 36%
- ★ Profit after Tax³ up 21% to \$120 million
- ★ Capital expenditure decreased by \$4 million to \$96 million with 89% of it subscriber related
- ★ \$326 million of liquidity
- ★ 1.9x net leverage

¹ Mobile business was sold to M2 Telecommunications on 22 February 2011

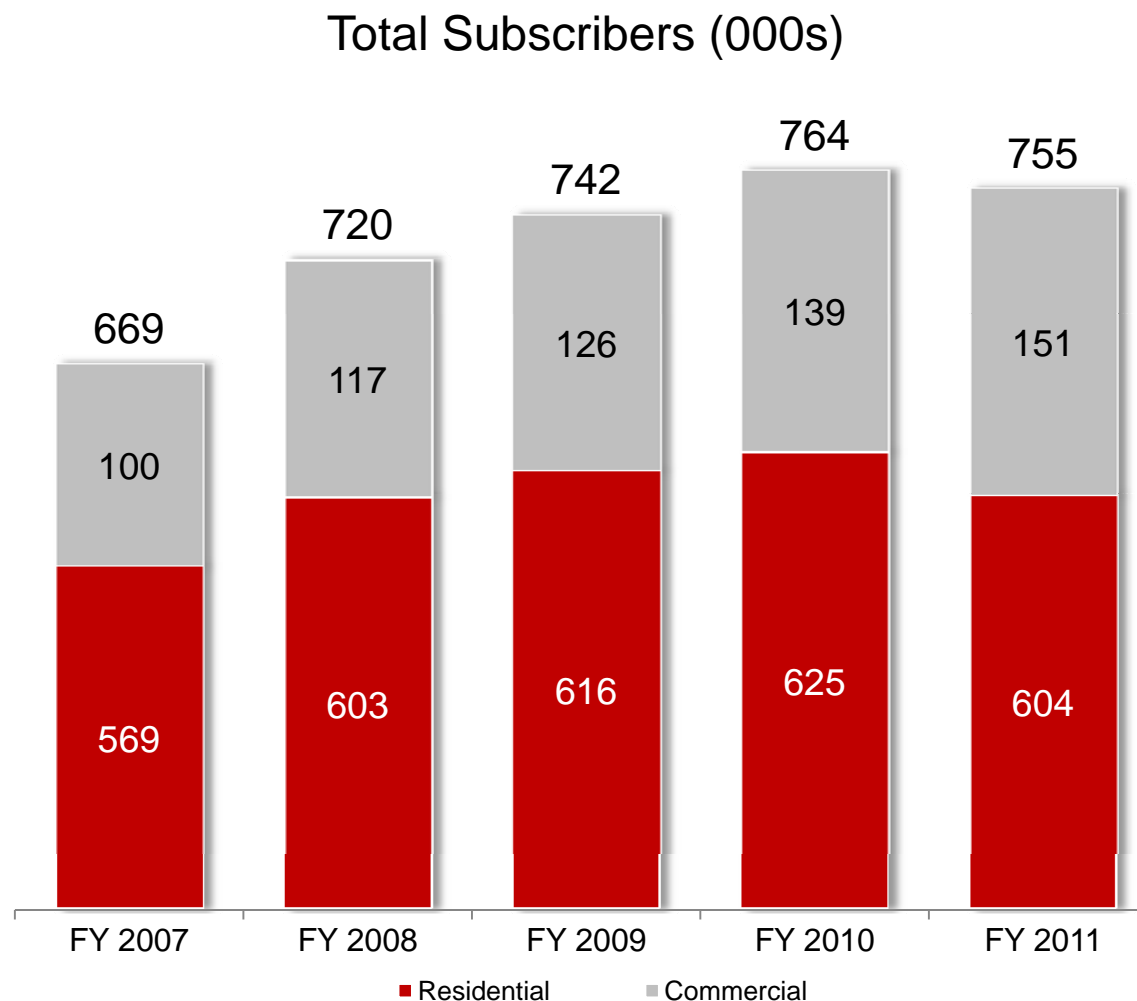
² Operating Cash Flow (OCF) is defined as revenue less programming, communication and operating expenses, excluding share-based payments, foreign exchange, depreciation and amortisation, impairment and restructuring charges, and costs associated with the FOXTTEL transaction. The OCF is the primary measure used by management to evaluate operating performance of the business

³ Please see Appendix 1 for the reconciliation of Operating Cash Flow to Profit After Tax



MyStar up in tough retail environment

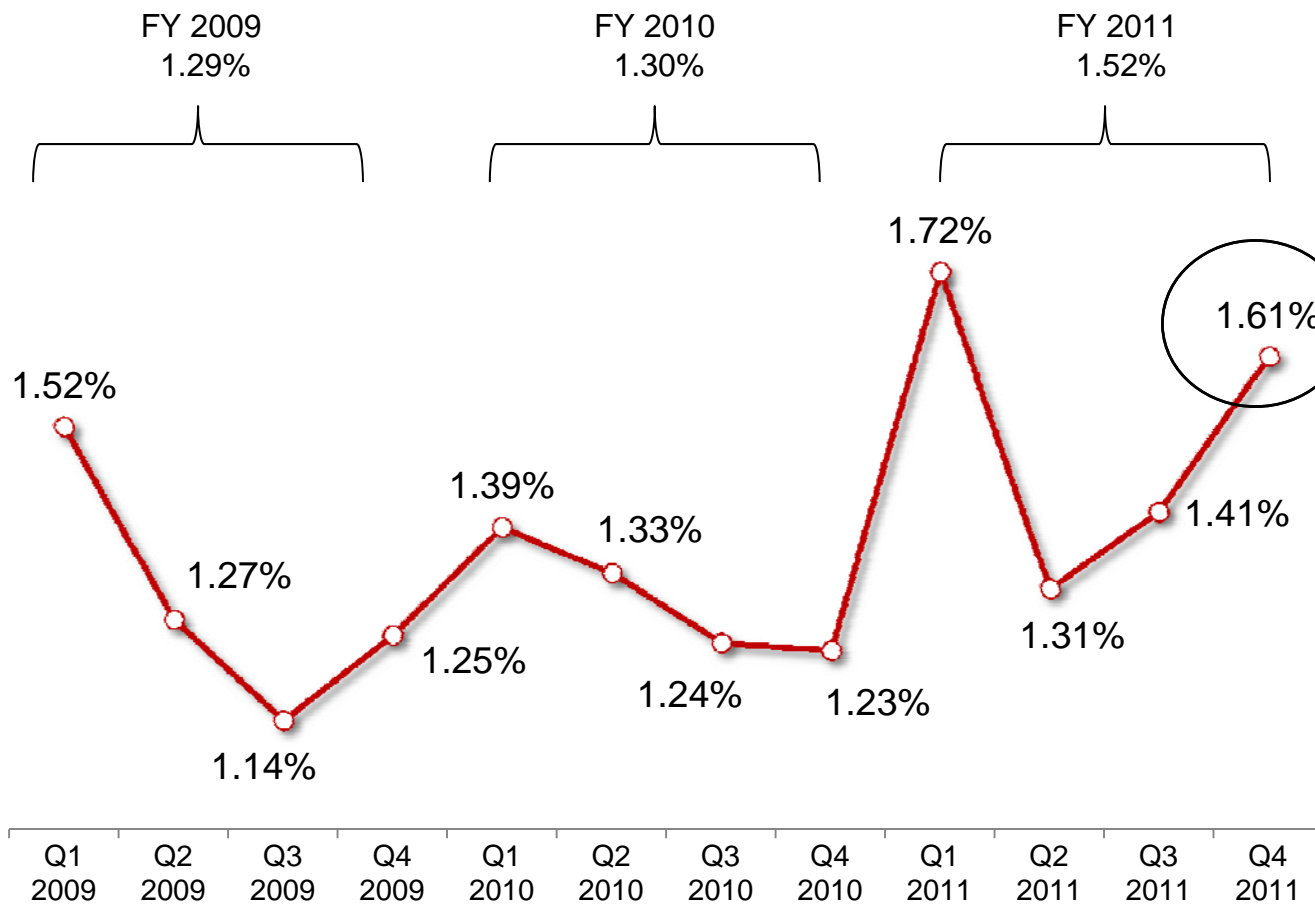
- ★ MyStar continues to gain momentum with 14,500 net add in Q4 2011
- ★ MyStar penetration at 43% of residential base as at 31 December
- ★ The retail environment remains challenging





Q4 churn reflects environment

Average monthly churn (%)

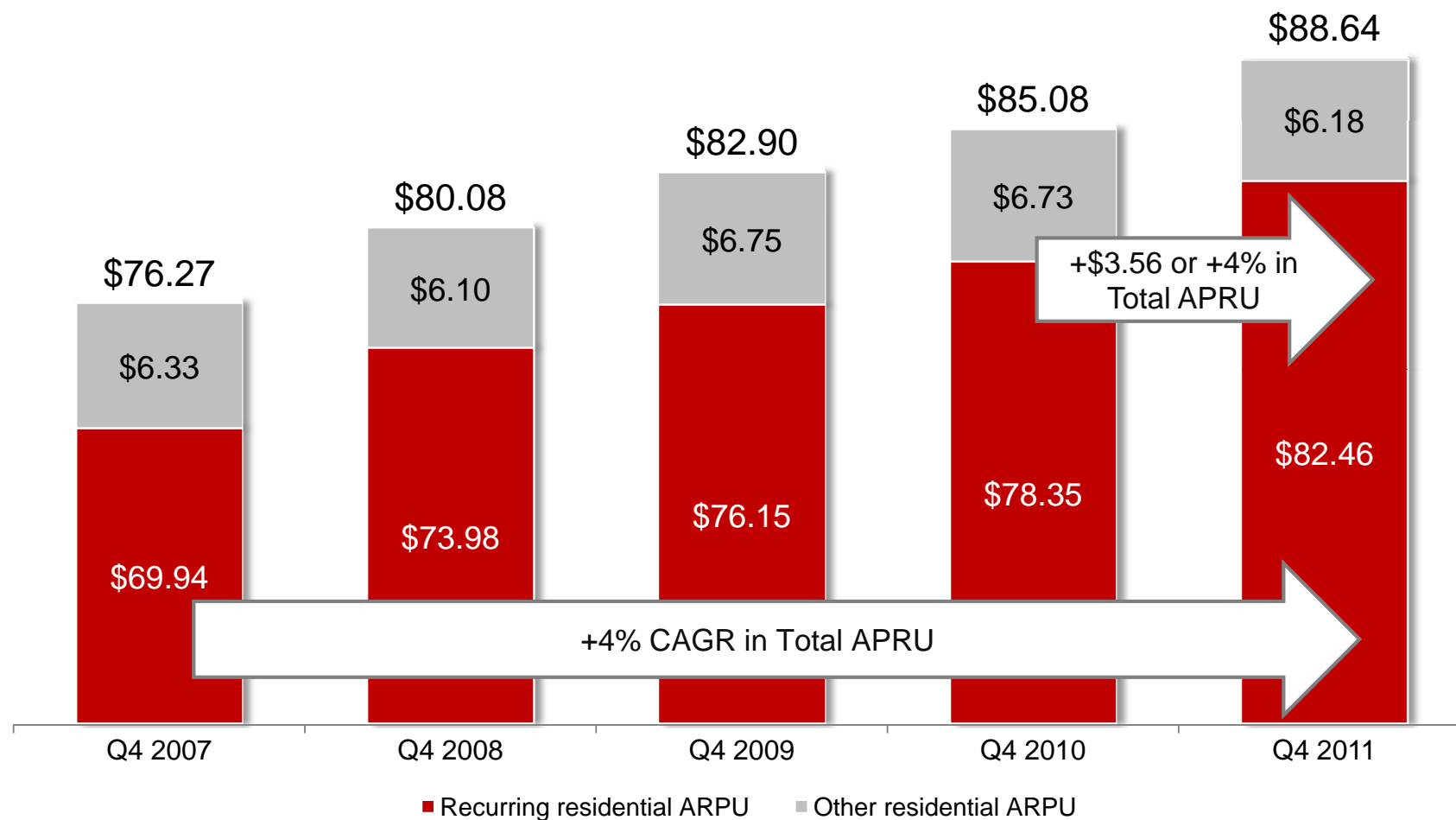


★ Q4 churn up 20 basis points on Q3 2011 churn

★ Free-to-Air multichannels continue to impact consideration and churn

★ ARPU growth with new products & services

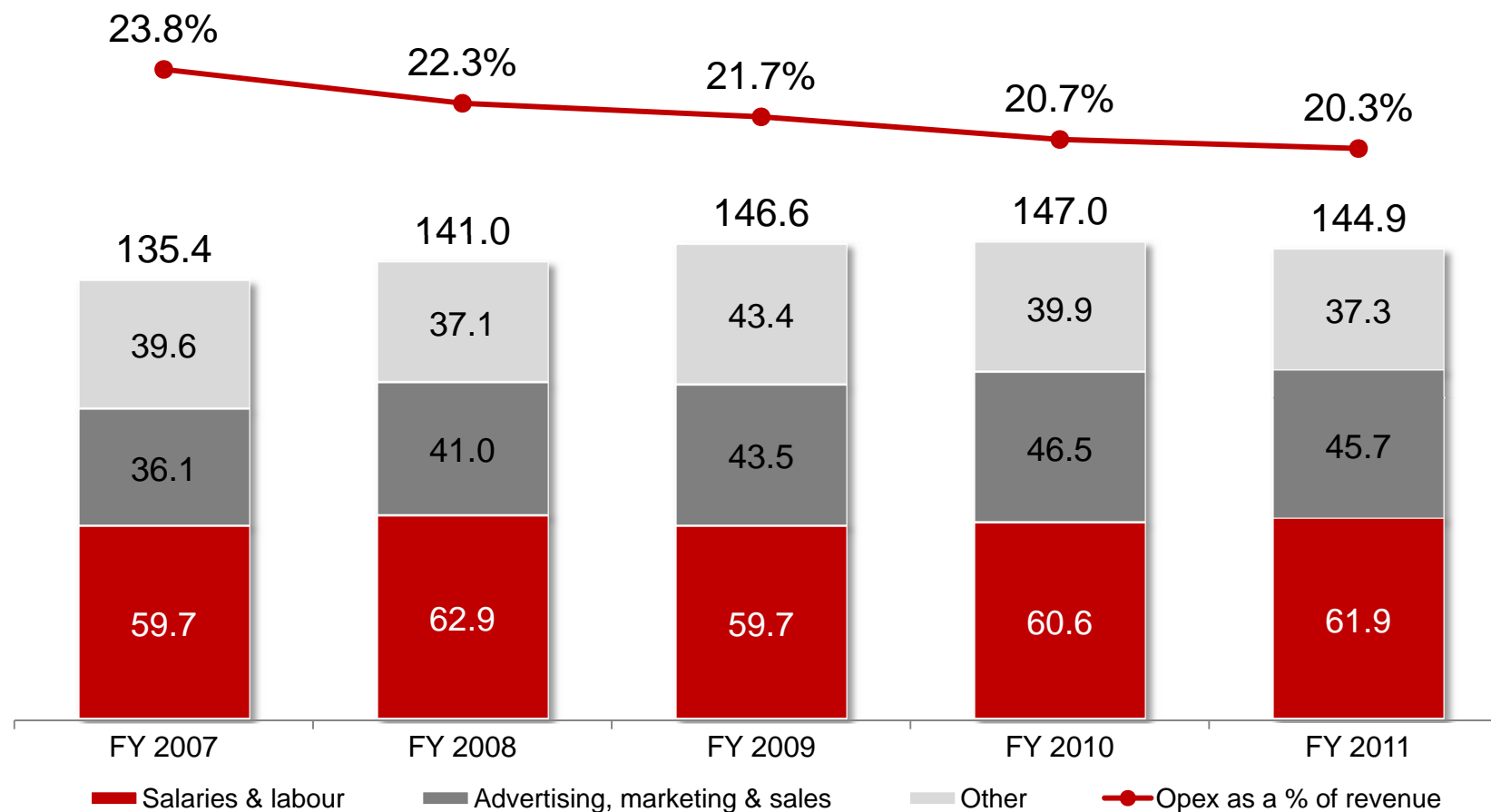
Average Revenue Per Residential Subscriber (\$)





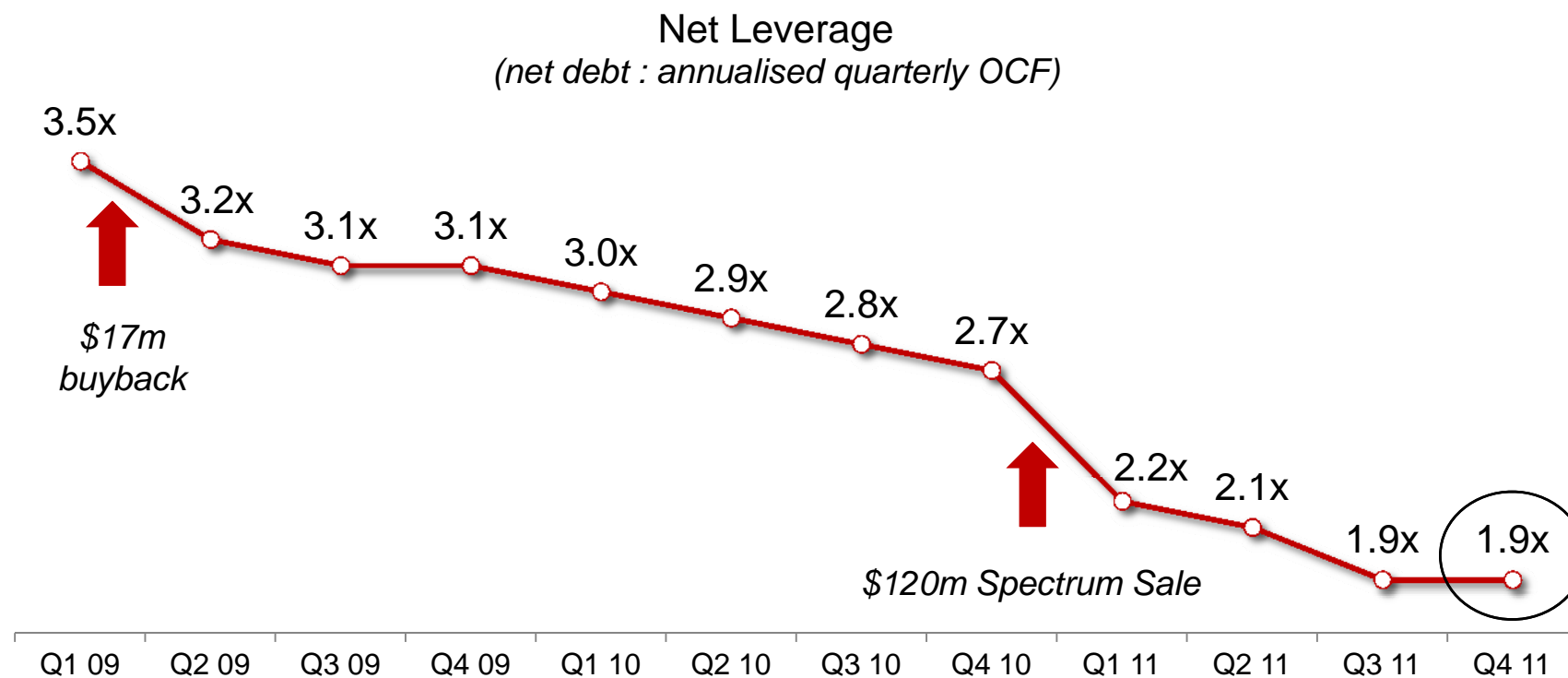
Cost control delivers positive results

Operating Expenses¹ (\$m) & Percentage of Revenue (%)



¹ Operating expenses exclude share-based payments, foreign exchange, depreciation and amortisation, impairment and restructuring charges, and costs associated with the FOXTEL transaction

History of strong cash generation



- ★ Available liquidity of \$326 million, up 77% pcp
- ★ Total debt of \$800 million – 83% not repayable until December 2015
- ★ \$50 million repaid in 2011



Acquisition update

- ★ AUSTAR, FOXTEL and LGI all remain committed to, and confident of, bringing the transaction to a successful close
- ★ Favourable IRS ruling received by LGI on 24 November 2011
- ★ FIRB approval received on 23 December 2011
- ★ Scheme Booklet released to AUSTAR shareholders on 8 December 2011:
 - AUSTAR Shareholders will receive \$1.52 per share, which represents a significant premium to AUSTAR's historical trading price
 - Independent Expert considers Scheme in the best interests of Minority Shareholders in the absence of a superior proposal
 - Independent Directors unanimously recommend AUSTAR Minority Shareholders vote in favour in the absence of a superior proposal
- ★ ACCC review ongoing
- ★ AUSTAR Shareholder Meetings postponed to 30 March 2012



Appendices



Appendix 1 – Financial highlights

Operating Cash Flow Reconciliation and other financial information for the year ending 31 December 2011

	Twelve Months Ended				Three Months Ended				Three Months Ended			
	Dec-11 \$ 000's	Dec-10 \$ 000's	Change \$ 000's	%Change	Dec-11 \$ 000's	Dec-10 \$ 000's	Change \$ 000's	%Change	Dec-11 \$ 000's	Sep-11 \$ 000's	Jun-11 \$ 000's	Mar-11 \$ 000's
Profit & Loss												
Total Service and Other Revenue	712,838	711,228	1,610	0%	180,903	179,247	1,656	1%	180,903	180,184	178,022	173,729
Programming and Communications Expenses	(309,904)	(319,062)	9,158	3%	(77,416)	(82,054)	4,638	6%	(77,416)	(77,746)	(76,998)	(77,744)
Gross Margin	402,934	392,166	10,768	3%	103,487	97,193	6,294	6%	103,487	102,438	101,024	95,985
Operating Expenses	(144,894)	(146,961)	2,067	1%	(35,415)	(33,697)	(1,718)	(5)%	(35,415)	(36,189)	(36,352)	(36,938)
Operating Cash Flow	258,040	245,205	12,835	5%	68,072	63,496	4,576	7%	68,072	66,249	64,672	59,047
Share-based payments	(3,199)	(11,976)	8,777	73%	22	(4,816)	4,838	100%	22	(867)	(973)	(1,381)
Foreign Exchange (Loss) / Gain	(555)	(2,496)	1,941	78%	(96)	(1,259)	1,163	92%	(96)	90	(416)	(133)
Depreciation and amortisation	(111,714)	(115,461)	3,747	3%	(26,979)	(30,331)	3,352	11%	(26,979)	(27,466)	(27,972)	(29,297)
Foxtel Transaction Costs	(4,750)	0	(4,750)	NM	(1,685)	0	(1,685)	NM	(1,685)	(1,177)	(1,888)	0
Share of Associate (Loss) / Profits	(389)	(329)	(60)	(18)%	308	901	(593)	(66)%	308	(41)	406	(1,062)
Profit before interest and taxation	137,433	114,943	22,490	20%	39,642	27,991	11,651	42%	39,642	36,788	33,829	27,174
Net interest	(53,311)	(60,801)	7,490	12%	(11,691)	(14,995)	3,304	22%	(11,691)	(13,780)	(13,968)	(13,872)
Significant items:												
Interest rate swap (loss) / gain	(8,286)	8,151	(16,437)	(202)%	456	4,970	(4,514)	(91)%	456	(5,853)	(36)	(2,853)
Spectrum sale / impairment reversal	95,751	19,420	76,331	393%	0	19,420	(19,420)	(100)%	0	0	0	95,751
Profit before taxation	171,587	81,713	89,874	110%	28,407	37,386	(8,979)	(24)%	28,407	17,155	19,825	106,200
Income tax (expense) / benefit	(51,494)	17,940	(69,434)	(387)%	(8,373)	18,774	(27,147)	(145)%	(8,373)	(5,754)	(5,349)	(32,018)
Profit after taxation	120,093	99,653	20,440	21%	20,034	56,160	(36,126)	(64)%	20,034	11,401	14,476	74,182



Appendix 1 – Financial highlights (cont.)

Unaudited subscriber information

Television

Total Revenue - \$ 000's

- Residential

- Commercial

Subscribers

- Residential

- Commercial equivalent

Recurring Residential ARPU

Other Residential ARPU

Total Residential ARPU
(excluding installation revenue)

Churn %

	Twelve Months Ended				Three Months Ended				Three Months Ended			
	Dec-11	Dec-10	Change	%Change	Dec-11	Dec-10	Change	%Change	Dec-11	Sep-11	Jun-11	Mar-11
Total Revenue - \$ 000's												
- Residential	641,645	636,981	4,664	1%	162,748	160,447	2,301	1%	162,748	162,422	160,580	155,895
- Commercial	69,548	64,196	5,352	8%	18,155	16,550	1,605	10%	18,155	17,591	17,213	16,589
	711,193	701,177	10,016	1%	180,903	176,997	3,906	2%	180,903	180,013	177,793	172,484
Subscribers												
- Residential	604,119	625,492	(21,373)	(3%)	604,119	625,492	(21,373)	(3%)	604,119	616,086	619,682	614,620
- Commercial equivalent	151,255	138,727	12,528	9%	151,255	138,727	12,528	9%	151,255	149,492	144,568	141,021
	755,374	764,219	(8,845)	(1%)	755,374	764,219	(8,845)	(1%)	755,374	765,578	764,250	755,641
Recurring Residential ARPU	\$ 80.34	\$ 78.69	\$1.65	2%	\$ 82.46	\$ 78.35	\$4.11	5%	\$ 82.46	\$ 80.92	\$ 80.07	\$ 77.92
Other Residential ARPU	\$ 5.98	\$ 6.41	\$(0.43)	(7%)	\$ 6.18	\$ 6.73	\$(0.55)	(8%)	\$ 6.18	\$ 6.04	\$ 6.23	\$ 5.47
Total Residential ARPU (excluding installation revenue)	\$ 86.32	\$ 85.10	\$1.22	1%	\$ 88.64	\$ 85.08	\$3.56	4%	\$ 88.64	\$ 86.96	\$ 86.30	\$ 83.39
Churn %	1.52%	1.30%	0.22%	(17%)	1.61%	1.23%	0.38%	(31%)	1.61%	1.41%	1.31%	1.72%

Selected Financial Information (\$ 000's)

Senior Debt (drawn)

Cash

Available facilities

Available liquidity

Senior Debt (drawn)	676,545	773,744	(97,199)	(13%)	676,545	773,744	(97,199)	(13%)	676,545	676,545	725,000	750,000
Cash	203,741	108,653	95,088	88%	203,741	108,653	95,088	88%	203,741	184,391	210,240	224,575
Available facilities	121,794	75,050	46,744	62%	121,794	75,050	46,744	62%	121,794	121,794	123,794	98,794
Available liquidity	325,535	183,703	141,832	77%	325,535	183,703	141,832	77%	325,535	306,185	334,034	323,369



Appendix 2 - Cashflow

A\$m	FY 2011	FY 2010	Change	% Change
Operating Cash Flow	\$258.0	\$245.2	\$12.8	5%
Change in working capital	(\$10.6)	(\$7.0)		
Long Term Incentive Plan	(\$21.8)	(\$2.6)		
Net interest and financing costs	(\$53.9)	(\$70.9)		
Cash flow from operating activities	\$171.7	\$164.7	\$7.0	4%
Cash capital expenditure	(\$95.7)	(99.9)		
Free Cash Flow	\$76.0	\$64.8	\$11.2	17%
Proceeds from sale of assets	\$121.2	\$1.1		
Net repayment of borrowings	(\$50.4)	-		
Other	(\$5.0)	(\$0.6)		
Net change in available liquidity	\$141.8	\$65.3		
Cash	\$203.7	\$108.7		
Available liquidity	\$325.5	\$183.7	\$141.8	77%



Appendix 3 - Summary of terms

Total TV Residential ARPU - Total television residential revenue less installation revenue for the period divided by the average number of residential television subscribers, divided by the number of months in the period. ARPU is expressed on a per month basis.

Recurring TV Residential ARPU - Recurring television residential subscription revenue for the period divided by the average number of residential television subscribers, divided by the number of months in the period. ARPU is expressed on a per month basis.

Churn - Number of account holders whose service is terminated during the period, less those accounts which are restarted within 30 days of termination, divided by the average number of Subscribers for the period, divided by number of months in the period.

Commercial Equivalent Basic Unit ("EBU") - Calculated by dividing recurring monthly commercial revenue by a basic residential reference rate of \$40.86

Gross margin - 'Total Service and other Revenue' less 'Programming and Communications expenses (inc. satellite costs)'

Operating Cash Flow (OCF) – is defined as revenue less programming, communication and operating expenses, excluding share-based payments, foreign exchange, depreciation and amortisation, impairment and restructuring charges, and costs associated with the FOXTEL transaction. The OCF is the primary measure used by management to evaluate operating performance of the business

Free Cash Flow - Defined as net cashflows from operating activities less cash capital expenditures (see Appendix 2)

Subscriber - Residential television subscribers, plus Commercial EBU

All results in this presentation are unaudited. Certain statements in this presentation may constitute "forward-looking statements," which involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of AUSTAR and any of its subsidiaries to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.