CONSOLIDATED MEDIA HOLDINGS

ANNUAL REPORT 2012

CONSOLIDATED MEDIA HOLDINGS LIMITED ABN 52 009 071 167

FOXTEL

FOX SPORTS
AUSTRALIA'S SPORTS LEADER

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Boardwalk Empire on Showcase

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This Annual Report, incorporating the financial report of the company, covers both Consolidated Media Holdings Limited (**CMH**) as an individual entity and as a consolidated entity consisting of CMH and its controlled entities. This financial report is presented in the Australian currency.

CMH is a company limited by shares, incorporated and domiciled in Australia.

CMH's registered office and place of business are located at:
Level 2, 54 Park Street
Sydney NSW 2000, Australia

This Annual Report was authorised for issue by the directors on 21 August 2012. CMH has the power to amend and reissue the Annual Report.

All ASX releases, financial reports and other material information are available on the CMH website at **www.cmh.com.au**

Payment of dividends
All Australian shareholders will receive their dividends via direct credit only. For information on our Share Registry and how to update your details, please see the final page of this Annual Report.

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NPAT RESULT

CMH's Operating NPAT result for FY12 improved by $2.3 million to $97.9 million (FY11: $95.6 million). The Operating NPAT result this year does not reflect the impact of Foxtel's acquisition of AUSTAR, which completed on 23 May 2012.

CMH's Statutory NPAT result of $85.8 million for FY12 reflected a decline of $15.9 million on the FY11 Statutory NPAT result of $101.7 million, and included the costs relating to Foxtel's acquisition of AUSTAR, and expenses relating to pre-demerger contractual items.

CMH has excluded these items from its Operating NPAT result to reflect how Foxtel managed and reported the AUSTAR acquisition for the short period it owned it this year, and to facilitate comparison of the performance of CMH's investments year on year.

ASSOCIATES CONTRIBUTION TO CMH'S OPERATING NPAT RESULT

The total combined equity accounted contribution from Foxtel (excluding AUSTAR) and FOX SPORTS this year was $91.4 million, up from $89.0 million in FY11.

Foxtel (excluding AUSTAR) contributed $42.0 million to CMH's Operating NPAT result this year, an improvement of $4.4 million on FY11 ($37.6 million). Foxtel paid CMH $60 million in cash distributions this year, including over $5.7 million in interest on the Subordinated Note.

FOX SPORTS contributed $49.4 million to CMH's Operating NPAT result this year, a decline of $2.1 million on FY11 ($51.5 million). FOX SPORTS paid CMH $45 million in cash distributions this year.

ASSOCIATES UNDERLYING RESULTS – FOXTEL (EXCLUDING AUSTAR)

Excluding the impact of AUSTAR, which was owned for the last five weeks of the financial year, and other one-off items, Foxtel reported an FY12 EBITDA result of $597.7 million, up 8.5 per cent on the FY11 EBITDA result of $550.6 million.

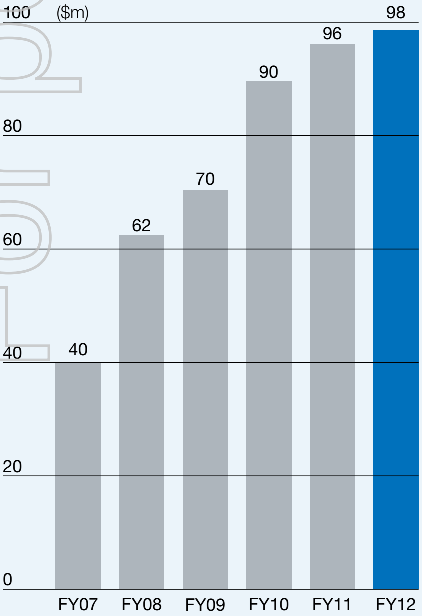
Including the one-off items and AUSTAR, Foxtel stand-alone EBITDA for the year was $558.2 million.

FY12 Subscription Revenues of $1.91 billion for metropolitan areas reflected a growth of 5.5 per cent. Total revenues of $2.22 billion for FY12 reflect an improvement of $0.1 billion on FY11's result ($2.12 billion).

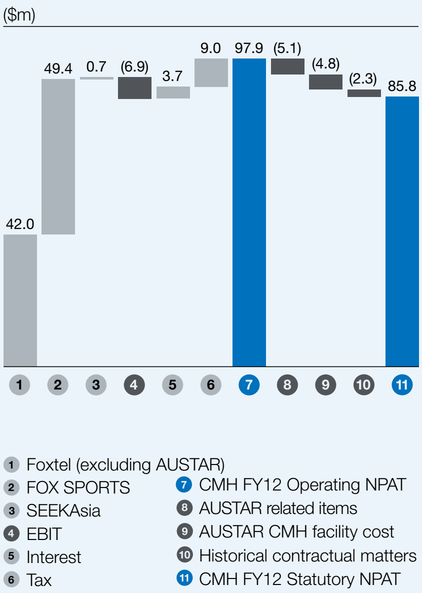
Subscriber numbers for the year – including the subscription queue – ended at 1.68 million, a modest improvement upon FY11's result of 1.65 million.

Recurring monthly ARPU or average revenue per user improved from $96.10 per user at 30 June 2011 to $99.08 per user at 30 June 2012.

CMH Operating NPAT

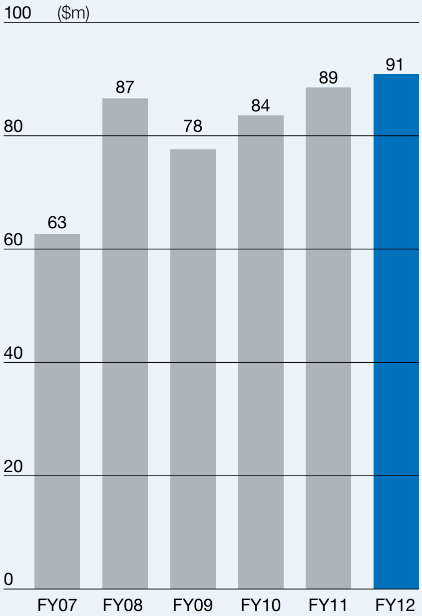


CMH FY12 NPAT[1]



1 Rounded to 1 decimal place.

Equity accounted profit from Foxtel (excluding AUSTAR) and FOX SPORTS



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ASSOCIATES UNDERLYING RESULTS – FOX SPORTS

FOX SPORTS reported an EBITDA result of $143.4 million for FY12, down 1.8 per cent on FY11; and a PBT result of $134.0 million for FY12, down 2.1 per cent on FY11.

FOX SPORTS' revenues of $498.1 million this year were up $23.0 million on FY11. Subscription revenues of $348.8 million were up 2.5 per cent on FY11. In a tough advertising market, advertising revenues were up 16.9 per cent to $87.1 million this year.

FOX SPORTS' results reflected the impact of a softer subscriber market at Foxtel and AUSTAR this year, as well as the significant investment made by FOX SPORTS in new technology.

CMH OPERATING EARNINGS PER SHARE

The FY12 CMH Operating Earnings Per Share result of 17.43 cents per share (**cps**) reflected an improvement of 0.67 cents per share on the FY11 result (16.76cps).

INVESTMENT AND NET DEBT

In April 2012, CMH contributed $221.6 million to Foxtel's acquisition of AUSTAR, by way of a Subordinated Note.

CMH received its first interest payment from Foxtel on the Subordinated Note at the end of June 2012.

CMH ended the year with net debt of $140.7 million.

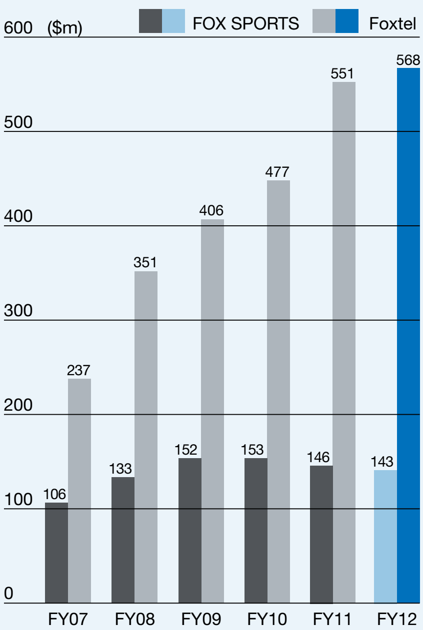
SHARE PRICE AND DIVIDEND

The CMH closing share price (ASX:CMJ) at 30 June 2012 was $3.37, up 29.1 per cent on the closing share price at 30 June 2011 ($2.61).

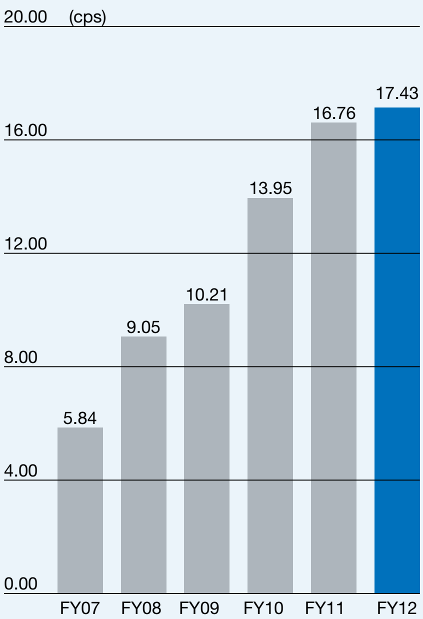
CMH has maintained its annual total dividend of 16.5 cents per share this year.

The final dividend of 6.0 cents per share, fully-franked, will be paid on 5 October 2012 to those shareholders on CMH's register on 28 September 2012.

Foxtel (excluding AUSTAR) and FOX SPORTS EBITDA

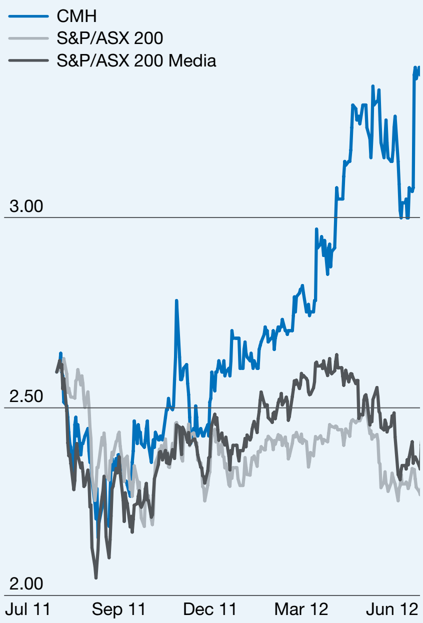


CMH Operating EPS



CMH Share price performance (FY12)

Rebased to 1 July 2011



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CMH announced on 20 June 2012 that it had received a conditional and non-binding proposal from News Limited (**News**) to acquire 100 per cent of CMH for $3.50 per share in cash, valuing CMH at $1.97 billion.

CMH maintained total dividends of 16.5cps this year, including a fully-franked final dividend of 6cps which will be paid to shareholders on October 5, 2012.

Foxtel completed its acquisition of AUSTAR in May 2012.

Premier Media Group rebranded to FOX SPORTS Australia (**FOX SPORTS**) in February 2012, and once again secured the top ranked shows on subscription television this year.

The year in review

The 2012 financial year has been a year in which CMH has supported the ongoing investments of its underlying assets, as they seek to develop and strengthen their respective businesses.

The year culminated in Foxtel's strategic acquisition of AUSTAR and then, in June 2012, receipt by CMH of a conditional and non-binding proposal from our partner in Foxtel and FOX SPORTS, News, to acquire CMH at $3.50 cash per share by way of a scheme of arrangement on a CMH Board-recommended basis.

The News proposal, which is referred to throughout this Annual Report as the "Indicative Proposal", values CMH at $1.97 billion – or $3.50 cash per share.

A number of the pre-conditions to the Indicative Proposal remain outstanding. These conditions include the finalisation of confirmatory due diligence, the approval of the Foreign Investment Review Board and the approval of the News Corporation Board.

CMH presently expects that these pre-conditions will be satisfied and the Scheme Implementation Deed will be negotiated and signed during the next six weeks, which will allow for completion of the Indicative Proposal – subject to shareholder and Court approvals and any other remaining conditions – in the final quarter of calendar 2012, as previously announced.

However, CMH is not in a position to give any assurance either that the Scheme Implementation Deed will be finally agreed and signed or that the Indicative Proposal will proceed.

Notwithstanding receipt by CMH of the Indicative Proposal, CMH is continuing on a business as usual basis.

CMH has announced its final dividend for the year of 6 cents per share, fully franked, which will be paid on Friday October 5, 2012 to those shareholders on our register on Friday September 28, 2012.

The extent to which the dividend reduces the consideration that is payable under the Indicative Proposal, if it proceeds, has yet to be determined.

CMH's 2012 Results

This year, CMH has reported an Operating NPAT Result of $97.9 million, which reflects an improvement of $2.3 million on CMH's 2011 Operating NPAT result.

CMH's Operating NPAT result comprised a total equity contribution of $91.4 million from its investments in Foxtel and FOX SPORTS, a $2.3 million improvement on the 2011 result.

CMH also began receiving distributions from SEEKAsia this year ($0.7 million).

CMH's FY12 Operating profit before tax (**PBT**) result of $88.9 million reflects a small decline on last year's result of $89.6 million, the difference year on year attributable to CMH's lower interest income – a reflection of lower cash holdings this year.

As we have done in previous years, CMH has reported both its Operating and Statutory NPAT result this year.

The Operating NPAT result is provided to give shareholders an understanding of the performance of the company's underlying investments, and to assist them in performing a like-for-like review year on year.

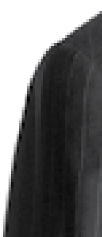
The Statutory NPAT result includes all abnormal items and one-off gains and losses, which can lead to anomalies when comparing the results year on year.

CMH's Statutory NPAT result of $85.8 million this year reflects its Operating NPAT result of $97.9 million, less its share of a number of items associated with the AUSTAR transaction; the financing CMH took on to fund its participation in the AUSTAR transaction, and historical contractual items relating to arrangements existing at the time of the PBL demerger in 2007.

Last year's Statutory NPAT result of $101.7 million reflected an Operating NPAT result of $95.6 million, plus a $7 million gain related to property related items, less the costs relating to the same historical contractual matters.

On and from FY13, the Operating NPAT result for CMH will reflect AUSTAR's performance for the full financial year, as part of Foxtel's equity accounted contribution (as AUSTAR is now part of the Foxtel group); and CMH's financing costs on its banking facility.

Notwithstanding the investments made by both Foxtel and FOX SPORTS this year, both businesses continued to pay solid cash distributions, with CMH receiving a total of $105 million this year. CMH ended the year with net debt of $140.7 million.



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The performance and activities of CMH's investments

Turning now to the investments made by CMH this year and by each of Foxtel and FOX SPORTS into their respective businesses.

In April, CMH participated in Foxtel's acquisition of AUSTAR, investing $221.6 million into Foxtel by way of a Subordinated Note.

Foxtel then completed its acquisition of AUSTAR in late May, and is undergoing the task of integrating AUSTAR's operations into its business. To date, Foxtel has finalised all appointments in the new merged Foxtel-AUSTAR organisation; has closed the AUSTAR head-office; has moved to a single and unified Foxtel brand Australia-wide and has delivered annualised savings in excess of $40 million.

Foxtel's goal remains that all Australians – irrespective of whether they live in a major city or in the country – have the ability to access the best television content offering in Australia. This is perhaps best illustrated by Foxtel's acclaimed coverage of the London 2012 Olympic Games this month – available Australia-wide.

Before factoring in the one-off, transaction and integration costs and consolidation of the AUSTAR result, Foxtel delivered an 8.5 per cent growth in EBITDA for FY12 to $597.7 million.

If the AUSTAR results and costs are included, Foxtel reported an EBITDA result for FY12 of $558.2 million.

Foxtel's revenue for the year of $2.2 billion, which excludes any contribution from AUSTAR, reflected an almost 4 per cent improvement on the FY11 result.

Foxtel's subscriber numbers ended the year at 1.68 million, a modest improvement on FY11, and reflective of the ongoing soft consumer environment. The combined Foxtel-AUSTAR group has total subscriber numbers of 2.3 million.

Whilst churn has not returned to the excellent levels seen in FY11 of 12.5 per cent, FY12 churn of 13.2 per cent was a strong result given the market conditions.

What has again been clear this year is that Foxtel subscribers continue to engage with the brand, off the back of initiatives by management to improve the value proposition of the Foxtel product, including through the introduction of new channels and content this year such as *FOX FOOTY*, *FX* and *A&E*.

CMH has also supported the ongoing investments made by FOX SPORTS this year, including through the introduction of new talent and by ensuring that FOX SPORTS, and as a consequence, Australia's sports fans, have access to the best coverage of their favourite sports.

CMH supported the move by FOX SPORTS to procure new production facilities in both Sydney and Melbourne, ensuring that the content produced by FOX SPORTS remains cutting-edge.

FOX SPORTS appointed a new chief executive this year in Patrick Delany, who has led the charge to refresh and reinvigorate the FOX SPORTS brand and product offering. This included the re-branding of Premier Media Group to FOX SPORTS Australia, the appointment of new executives and an emphasis on building FOX SPORTS to be the number one destination for Australian sports fans.

As a consequence of the more subdued subscriber growth seen in FY12, FOX SPORTS results are down slightly on last year's results. FOX SPORTS' EBITDA result of $143.4 million is down 1.8 per cent on the result for the FY11 year of $145.9 million, with PBT of $134.0 million also down on the FY11 result ($136.9 million).

FOX SPORTS' revenues this year reflected an improvement on FY11, with subscription revenues of $348.8 million up 2.5 per cent on the FY11 result. Advertising revenues of $87.1 million were up 16.9 per cent in a tough advertising market; and other revenues of $62.1 million were up 3.2 per cent on FY11.

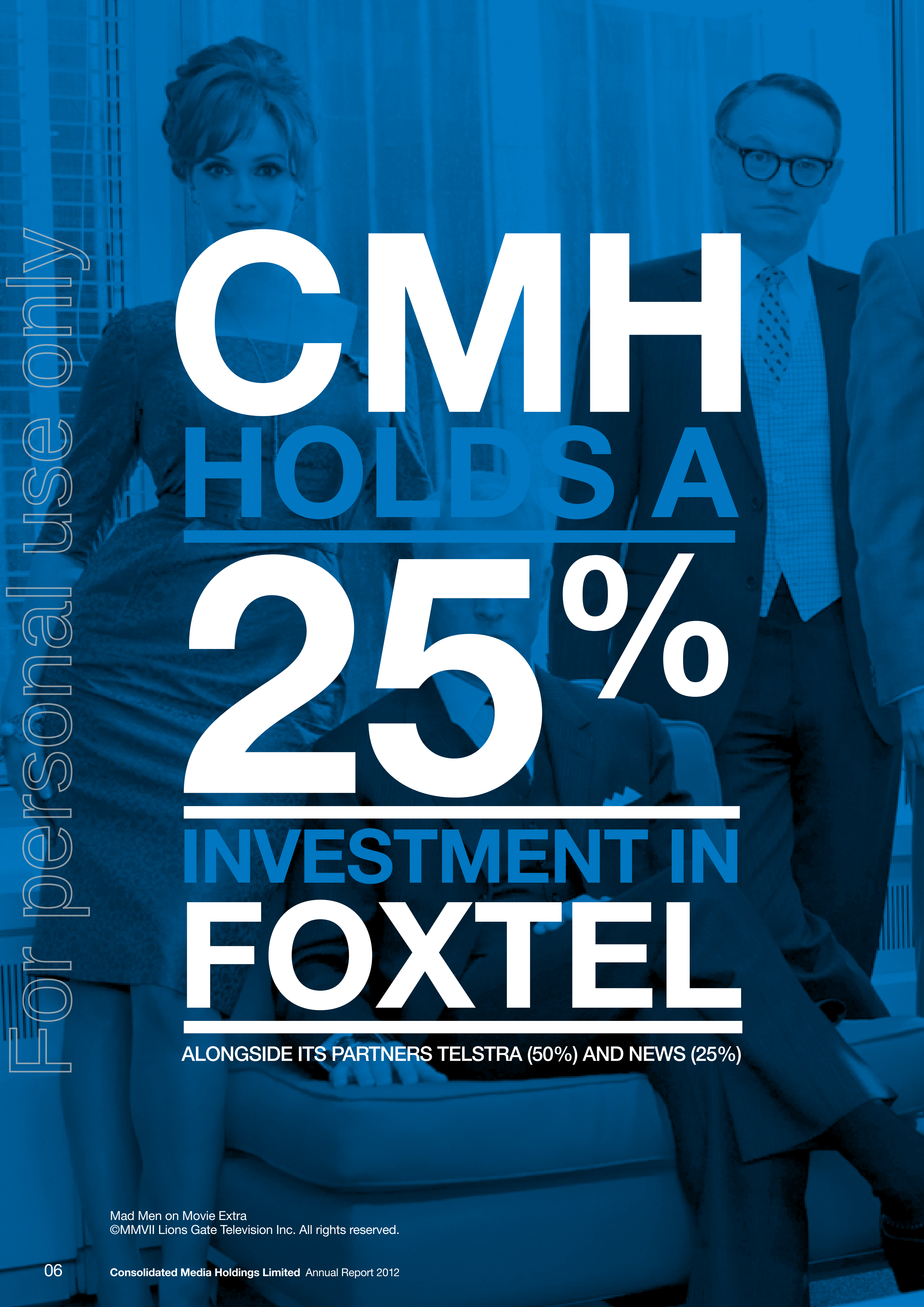
Operating expenses increased by 7.8 per cent during the period to $354.7 million, reflecting the ongoing investment by FOX SPORTS this year in enhancing its technological capabilities, coupled with the increasing costs of acquiring and broadcasting the best of Australian sport.

A more detailed discussion of the performance of FOX SPORTS this year is provided in the Investment Review for FOX SPORTS from page 10.

The strategic investments by both Foxtel and FOX SPORTS this year, supported by CMH, place both businesses in a strong position to take advantage of any future upswing in consumer sentiment. These investments have been made without any significant impact on the cash distributions from each of these businesses to CMH.

CMH's relatively small investment in SEEKAsia – and on a look-through basis, Jobs DB – has performed to expectations. This remains for CMH a medium to long term investment proposition alongside the experienced investors in this space SEEK Limited, Tiger Global and Macquarie.

John Alexander
Executive Chairman



CMH HOLDS A 25% INVESTMENT IN FOXTEL

ALONGSIDE ITS PARTNERS TELSTRA (50%) AND NEWS (25%)

Mad Men on Movie Extra
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CMH has a 25 per cent investment in Foxtel, alongside its partners Telstra (with 50 per cent) and News (with 25 per cent). CMH equity accounts for its investment in Foxtel.

This financial year, Foxtel contributed $42.0 million to CMH's net profit after tax result, up $4.4 million on last year's equity accounted contribution of $37.6 million, excluding the impact of AUSTAR.

The most significant event for Foxtel this year was its merger with regional pay television company AUSTAR, which completed on 23 May 2012.

CMH contributed $221.6 million to Foxtel's acquisition of AUSTAR, being its pro-rata share of the Foxtel Partner contributions, by way of a Subordinated Note.

Breaking Bad on Showcase

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AN OVERVIEW OF FOXTEL'S FINANCIAL RESULTS

Foxtel reported an EBITDA result of $558.2 million and an EBIT result of $240.6 million for the 2012 financial year. These results included the consolidation of the AUSTAR result for the five weeks that Foxtel owned AUSTAR (from 23 May 2012), as well as transaction and integration costs.

Excluding the impacts of the transaction costs and other one-off items, Foxtel's underlying stand-alone EBITDA for the year of $597.7 million was up 8.5 per cent on the EBITDA for the 2011 financial year of $550.6 million. This was a sound result in a tough consumer environment.

Foxtel stand-alone EBITDA after one-off items unrelated to the AUSTAR transaction was $567.7 million, a 3.1 per cent increase on the 2011 result.

In metropolitan areas, Foxtel finished the year with 1.68 million subscribers, up from 1.65 million at 30 June 2011. Subscriber growth was achieved in what continues to be a challenging consumer environment. Churn for the 2012 financial year returned to historical levels at 13.2 per cent, after the excellent 2011 result of 12.5 per cent.

Recurring monthly ARPU grew again this year, from $96.10 at 30 June 2011 to $99.08 at 30 June 2012 in metropolitan areas. ARPU growth was tempered by the soft consumer conditions, however continues to reflect the improved take-up by subscribers of Foxtel's additional services.

Penetration of Foxtel's iQ HD box reached 42 per cent of the subscriber base at year end, up from 31 per cent at 30 June 2011, and 43 per cent of the subscriber base now have a multi-room product (up from 40 per cent at 30 June 2011). Sport remains a key pillar of Foxtel's offering, with sports tier penetration rising above 80 per cent this year.

The increased subscriber numbers and increase in ARPU resulted in subscription revenues growing by 5.5 per cent to $1.91 billion (up from $1.81 billion in FY11) in metropolitan areas. The increase in subscription revenues caused total revenues to improve by $0.1 billion to $2.22 billion (up from $2.12 billion in FY11).

Foxtel's stand-alone Profit before tax, including one-off items unrelated to the AUSTAR transaction and financing costs on financing arrangements existing prior to the transaction, was $227.5 million, an improvement of 13.8 per cent on the 2011 result of $200.0 million.

Profit before tax including the impact of the AUSTAR acquisition was $173.4 million, after a $23.0 million expense for interest paid by Foxtel to the Foxtel partners.

At 30 June 2012, following the AUSTAR acquisition, Foxtel had net debt of $2.2 billion.

THE MERGER OF FOXTEL AND AUSTAR

Foxtel announced in July 2011 that it had agreed definitive transaction documents with AUSTAR and AUSTAR's largest shareholder, Liberty Global, to acquire 100 per cent of the shares in AUSTAR at $1.52 per share.

The proposed transaction was subject to a number of approvals, including of the Australian Competition and Consumer Commission (**ACCC**), the Foreign Investment Review Board (**FIRB**), AUSTAR's minority shareholders and the Federal Court.

Foxtel received the approval of FIRB shortly before Christmas in 2011. AUSTAR's minority shareholders met to consider the proposed merger and associated resolutions at the end of March 2012, and overwhelmingly approved the transaction.

The ACCC accepted a form of undertakings that had been provided by Foxtel to facilitate the merger process in April 2012. The proposed transaction was approved by the Federal Court on 13 April 2012.

On 23 May 2012, Foxtel and AUSTAR merged, creating a national subscription television service.

The merged Foxtel / AUSTAR business has 2.3 million subscriber households, more than 7 million viewers reached each week, directly employs 2,500 people and supports a subscription television sector which spends close to $600 million a year on new and original Australian content.

FOX FOOTY

The FOX FOOTY Channel was launched in February 2012 with the broadcast of the exclusive NAB Cup triangular game between Hawthorn, Richmond and North Melbourne.

Since the launch, Foxtel has seen FOX FOOTY become one of the primary destinations for live games of AFL. All 198 AFL footy games during the home-and-away season have and will be shown live, ad-break free, siren-to-siren and in high definition on the FOX FOOTY Channel, and, in the case where there is a clash of games, live on FOX SPORTS 1. The only delayed game of the season will be the Grand Final.

The FOX FOOTY Channel and the FOX SPORTS suite of channels, discussed later in this Annual Report, are available to subscribers in standard definition for those subscribers opting for the basic sports tier, and in high definition for HD subscribers.

FOX FOOTY broadcasts a variety of complementary magazine shows including *AFL 360, After the Bounce, EMT – Eddie McGuire Tonight, On The Couch, AFL Insider* and *Open Mike*.


Pawn Stars on A&E


Killing Time on TV1

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FX

Foxtel this year continued to introduce new channels and content to enhance the viewing experience for its subscribers.

In February 2012, Foxtel launched the FX Channel as part of its “Get Started” package, available to all Foxtel subscribers in standard definition, with high definition available to subscribers opting for the HD service.

This new channel introduces viewers to new programming including *The Walking Dead, Mad Dogs, Justified, Call Me Fitz* and *Hell on Wheels.*

A&E

Also launched in February 2012, the factual entertainment channel A&E gives Foxtel subscribers access to a variety of content aimed at a younger male audience.

A&E delivers hundreds of hours of original and exclusive unscripted series to viewers in either standard or high definition.

The A&E Channel broadcasts a number of series franchises including *Storage Wars, Mega Truckers, Storage Wars Texas, Dog the Bounty Hunter, Billy the Exterminator, Pawn Stars* and *American Pickers*.

QUALITY CONTENT

In addition to the new channels introduced this year, Foxtel continues to broadcast some of the best Australian and foreign content across its more than 200 channels.

This content includes:

- the fifth series of *Breaking Bad*
- the critically acclaimed fifth series of *Mad Men*
- the new critics-favourite *Girls*
- the award-winning *Game of Thrones*
- the popular *Boardwalk Empire*
- *Killing Time*, the local production about the rise and fall of famous Australian lawyer Andrew Fraser
- the Aaron Sorkin drama *The Newsroom*, to launch shortly on a new Foxtel channel, SoHo

SPORTS COVERAGE

In addition to the comprehensive coverage of the AFL footy season on its FOX FOOTY Channel, Foxtel also provides its sports tier subscribers with access to a broad range of Australian and international sports.

Foxtel’s original and local content includes broadcasting the following sports, and where the subscriber has opted for an HD package, in high definition:

- Every match of the NRL
- Every match of the Super Rugby
- Every match of the Big Bash League

From July 2012, Foxtel broadcast the London 2012 Olympic Games live. Foxtel aired over 3,200 hours of Olympic coverage on 8, 24-hour, dedicated standard and high definition channels, giving Australians the broadest access to coverage of the Olympics ever.

For the first time, Foxtel also made available Olympic coverage to its subscribers via its London 2012 tablet App.

FOXTEL ON DEMAND

Foxtel, through its On Demand offering, continued this year to give Foxtel subscribers access to a library of movies and TV ready to view instantly. It includes a pay-per-view service offering new release, recent and classic movies, as well as episodes from popular TV shows.

In addition, Foxtel has an offering of programmes from a range of channels that can be accessed for free as part of channel packages, allowing subscribers to catch up on missed episodes.

FOXTEL ON T-BOX, XBOX, SAMSUNG TV

Foxtel on T-Box is available to anyone who lives in an area where Foxtel is currently available and has an eligible BigPond® Cable, Velocity or ADSL2+ broadband service. T-Box customers have access to a selection of 30 Foxtel channels delivered over the internet. Packages include movies, sports, general entertainment and kids channels.

Foxtel on Xbox 360 subscribers currently have access to over 30 live channels, as well as the ability to select from thousands of movies and TV shows on Foxtel On Demand.

Foxtel has also introduced the Foxtel on Samsung TV service, giving eligible Samsung TV viewers access to 30 channels via their internet-enabled Samsung television.

FOXTEL, ITS WORKFORCE AND THE COMMUNITY

Consistent with its focus in previous years, Foxtel has continued this year to embrace its responsibilities to all stakeholders.

For example, Foxtel:

- Provides almost 4,000 jobs for Australians
- Provides a free service to childrens hospitals and wards around the country
- Raised over $550,000 for childrens medical research through the 2011 Foxtel Lap
- Supported Australia’s creative industries and Reconciliation with Indigenous Australians

With respect to Foxtel’s focus on its workforce and employees, diversity forms a key part of Foxtel’s remuneration strategy and Foxtel encourages the promotion of women in its workforce, with females comprising 46 per cent of its total workforce and 40 per cent of the senior leadership team.

CMH HOLDS A 50% INVESTMENT IN FOX SPORTS

ALONGSIDE ITS PARTNER NEWS (50%)

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CMH has a 50 per cent investment in FOX SPORTS Australia (formerly known as Premier Media Group), alongside its partner News (with 50 per cent). CMH equity accounts for its investment in FOX SPORTS.

This financial year, FOX SPORTS contributed $49.4 million to CMH's FY12 net profit after tax result, down $2.1 million on last year's equity accounted contribution of $51.5 million.

FOX SPORTS continues to broadcast the best of Australian sport and this financial year delivered seven of the top 10 rating programs in Foxtel history.

FOX SPORTS won a number of awards at the ASTRA Awards this year including Channel of the Year; the award for Most Outstanding Sports Program / Coverage for its Big Bash coverage; and an award for Most Outstanding Use of Innovation in Programming for *Fox Field*.

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AN OVERVIEW OF FOX SPORTS FINANCIAL RESULTS FOR 2012

For the financial year ended 30 June 2012, FOX SPORTS reported an EBITDA result of $143.4 million, down 1.8 per cent on the result for the 2011 financial year of $145.9 million.

FOX SPORTS' revenues of $498.1 million were up $23.0 million on the 2011 result of $475.1 million, with subscription revenues up 2.5 per cent to $348.8 million (FY11: $340.3 million) and advertising revenues up 16.9 per cent to $87.1 million (FY11: $74.5 million). The Other Revenues result of $62.1 million, which includes the revenues from the FOX SPORTS Venues and the FOX SPORTS Digital business, grew 3.2 per cent this year.

FOX SPORTS' FY12 results were impacted by subscriber growth at each of Foxtel and AUSTAR. Accordingly, the more subdued results this year reflected the more modest than expected subscriber growth from each of the subscription television service providers.

In what remains a tough advertising market, the 16.9 per cent improvement in advertising revenues year on year and directly attributable to the quality of the sports offering by FOX SPORTS and the loyal viewership it attracts.

Total operating expenses of $354.7 million increased 7.8 per cent on the operating expenses result for FY11 ($329.2 million). This reflects the ongoing investment by FOX SPORTS in its production capability so it can continue to broadcast the highest quality sporting content, coupled with the increasing costs of acquiring the rights to Australia's top sporting codes.

The profit before tax result of FOX SPORTS of $134.0 million was down 2.1 per cent on last year's result of $136.9 million.

FOX SPORTS COVERAGE OF FOOTBALL

FOX SPORTS continued this year to provide sports fans with excellent coverage of Australia's top football codes. Wherever possible, FOX SPORTS provided fans with every match of the AFL, the NRL, the A-League Football and Super Rugby on a live basis, in high definition and with minimal interruptions.

Football fans can make sure they never miss a second of the sports coverage of their favourite sport or team, by recording games via their Foxtel iQ box.

AFL

From the beginning of the current AFL season, FOX SPORTS has produced the new FOX FOOTY Channel.

This has involved FOX SPORTS broadcasting in high definition every footy game live and uninterrupted, from siren-to-siren, with any additional games – when two games are on at the one time – being shown on FOX SPORTS 1 to ensure subscribers do not miss a second of the regular footy season.

FOX SPORTS continued to develop its complementary programming this year, by ensuring that it has best-in-class commentators and special guests on its magazine programmes. This gives sports fans access to some of footy's best coaches and footy brains.

SUPER RUGBY

Once again, FOX SPORTS remained the destination for rugby union fans this year.

FOX SPORTS has been the exclusive live broadcaster of Super Rugby since the inception of the competition in 1996, and remains a committed supporter of Rugby Union in Australia. FOX SPORTS has and will continue to broadcast every Super Rugby game live and exclusive, with no ad-breaks during play.

FOX SPORTS will continue to broadcast every game of the Bledisloe Cup, The Rugby Championship live, as well as every Wallabies Test live with no ad-breaks during play.

FOX SPORTS broadcast complementary magazine programs this year to give rugby fans access to in-depth analysis of the game, through such shows as *The Rugby Club* and *Super Rugby Extra Time*.

NRL

FOX SPORTS continued its coverage this year of the national rugby league competition, showcasing five live NRL matches in every full round of the NRL Telstra Premiership.

In addition to the live NRL matches, FOX SPORTS broadcast every game of the NRL Telstra Premiership, with no ad-breaks during play and in high definition.

As with its AFL coverage, FOX SPORTS has sought this year to provide NRL fans with the best commentary and analysis of the game. To that end, FOX SPORTS has enhanced its commentary line up this year by adding Matthew Johns, Mark Geyer, Mark Gasnier and Ben Ikin to the FOX SPORTS NRL commentary team.

FOOTBALL

FOX SPORTS has continued this year to offer football fans access to every game of the Australian football competition, the Hyundai A-League, on a live and exclusive basis, with no ad-breaks during play.

FOX SPORTS has also showcased every game of the Socceroos live, again with no ad-breaks during play.

FOX SPORTS also remains committed to giving die-hard football fans access to the best of English football – the Barclays Premier League. Fans can watch every game of the Barclays Premier League live with no ad-breaks during play.

As with the other codes, FOX SPORTS continues to provide expert commentary to complement its football offering, with a number of dedicated football programs as well as an expert commentary team including Andy Harper, Simon Hill, Robbie Slater and Mark Bosnich.

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FOX SPORTS COVERAGE OF CRICKET, GOLF AND TENNIS

This year, FOX SPORTS has continued to invest in providing the best cricket, tennis and golf coverage available to sports fans.

FOX SPORTS broadcast every match of the popular KFC T20 Big Bash League on a live and exclusive basis.

FOX SPORTS broadcast on a live and exclusive basis a number of international cricket series during FY12, including all of Australia's overseas tours.

In its golf and tennis coverage, FOX SPORTS has broadcast each of the following major tournaments during FY12:

- British Open Golf – live
- USPGA Championship Golf – live and exclusive
- USPGA Tour FedEx Cup Golf – live and exclusive
- European PGA Tour Golf – live and exclusive
- Every tennis major – live

FOX SPORTS provides the same level of detailed analysis to its cricket and golf coverage as it extends to its football coverage, with expert commentators and programs available to fans to get further information and analysis about these sports.

AMERICAN SPORTS

In addition to its Australian sports offering, FOX SPORTS also covers American sports on the following basis:

- Live coverage of the national football league (NFL) regular season
- Up to six major league baseball (MLB) games live and exclusive each week, plus the All-Star Game, Championship Series and World Series exclusively live
- Live and exclusive coverage of the national hockey league (NHL).

FOX SPORTS EMBRACES NEW TECHNOLOGY

FOX SPORTS has continued to innovate with the use of technology to enhance the customer experience in its broadcasts, including:

- being the first broadcaster to use the Third Eye technology that places a camera in a pair of glasses worn by the umpires in cricket and the goal umpires in AFL;
- combining FOX SPORTS' graphics and stats capability to show the angle and probability of an individual kicking for goal based on statistical data, not a commentator's estimate; and
- using graphics and animation to show the tactics employed by teams in the various football codes.

FOX SPORTS has also expanded its complementary mobile and tablet offerings, including developing the FOX SPORTS NEWS iPad app and making it available for all Foxtel subscribers with their subscription; driving the various "Live Kick" apps that allow you to kick for goal with your favourite team simulating the exact location and conditions the players are facing; and launching the FOX SPORTS Local app which means you will always be able to find your closest FOX SPORTS licensed venue.

FOX SPORTS MOVES LOCATIONS IN MELBOURNE AND BUILDS NEW PREMISES IN SYDNEY

To enable FOX SPORTS to continue producing the best quality sports content in Australia, and in particular to ensure the FOX FOOTY Channel continues to give AFL fans the best quality AFL coverage, FOX SPORTS has called the Global Television studios in Melbourne home from this year.

To accommodate FOX SPORTS, Global has constructed purpose-built offices and high definition studios for FOX SPORTS within its complex, and will continue to act as FOX SPORTS' outside broadcast provider for FOX SPORTS' AFL coverage until 2016.

New Sydney premises

Having outgrown its current premises in Pyrmont, FOX SPORTS is relocating its Sydney offices to the new Gore Hill business precinct.

FOX SPORTS has secured an A-Grade office building on the new site, with access to new, purpose-built state-of-the-art television studios and the additional space it needs to increase production capabilities.

It is expected that FOX SPORTS will be moving into its new premises later this calendar year.

FOX SPORTS, ITS WORKFORCE AND THE COMMUNITY

FOX SPORTS on-air care continued its support this year of a number of partner charities including the Garvin Research Foundation, Camp Quality, the Westmead Children's Hospital, the Leukaemia Foundation, Youth Off The Streets and the Animal Welfare League.

Under its on-air care program, FOX SPORTS matches donations made by employees on a pre-tax basis.

FOX SPORTS has a diversity policy and supports the employment of women in its workforce. In FY12 and at the date of this Report, 25 per cent of the executive team is female, and 32 per cent of the total workforce is female.

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Corporate governance is an important matter to CMH and to its Board. The Board is ultimately responsible for the corporate governance of CMH, notwithstanding the existence of a Board convened Audit, Risk & Governance Committee, one of the functions of which is to review and develop corporate governance policies which are appropriate for CMH.

The Board has in place corporate governance practices that it considers to be most appropriate for CMH. The Board also recognises that corporate governance is not a static matter, and needs reviewing regularly as CMH evolves.

For ease of reading, this Corporate Governance Statement (**Statement**) follows the ASX Second Edition Corporate Governance Principles and Recommendations with 2010 Amendments (the **Principles**). There are some recommendations in the Principles that CMH has not adopted and the reasons why CMH has not adopted them are explained in this Statement.

Where to locate CMH Corporate Governance information online

To find corporate governance information on CMH please visit the CMH corporate website at www.cmh.com.au. Once there, select *Corporate Governance* on the menu to find the relevant corporate governance information identified in this Statement.

Principle 1: Lay solid foundations for management and oversight

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Role of the Board

The Board is responsible for guiding and monitoring CMH on behalf of its shareholders. The Board is responsible for the affairs of CMH, including:

- In conjunction with management, establishing the vision, strategies and financial objectives of CMH and monitoring their implementation;
- Considering, approving and monitoring CMH's risk management and control systems, through, among other things, reports to the Board by the Audit, Risk & Governance Committee;
- Monitoring compliance with regulatory requirements, ethical standards and external commitments;
- Monitoring the performance of the Board, the Board's Committees and their individual members; and
- Appointing and reviewing the performance of the senior executives of CMH.

The powers or matters specifically reserved for the Board are as follows:

- Appointment and termination of the senior executives and the Company Secretary and the approval of the terms and conditions of their appointment;
- Approval of each of the following:
  - the annual business plan and budget;
  - capital expenditure, investments, disposals or the cessation of any business of CMH, being of a nature, or in excess of delegated monetary levels, determined by the Board from time to time;
  - the half year and full year financial statements;
  - the interim and final dividends to shareholders;
  - any significant changes to accounting policies;
  - the terms of reference and membership of Board Committees;
  - the appointment of directors to the Board;
  - the commencement of, or taking of a significant step in, major litigation;
  - corporate policies, including but not limited to policies concerning risk management, corporate governance, securities trading, continuous disclosure, code of conduct, diversity and remuneration;
  - matters expressly required by law to be approved by the Board; and
  - other matters as determined from time to time by the Board.

While at all times the Board retains full responsibility for guiding and monitoring CMH, in discharging its stewardship it makes use of Board sub-committees. These specialist committees are able to focus on a particular area of the Board's responsibility and provide informed feedback to the Board for its consideration.

The role and responsibilities of, and matters reserved for, the Board are outlined in the CMH Board Charter, a copy of which is available on the CMH website at www.cmh.com.au.

Delegation to management

Responsibility for those matters not specifically reserved for the Board is allocated to management (such as the day-to-day management of the operations and administration of CMH). These matters are subject to oversight by the Board.

Subject to, and without derogation from, CMH's constitution, the directors may resolve to delegate any of their powers to an officer, agent or attorney and the officer, agent or attorney must exercise the powers delegated in accordance with any instructions given by the Board.

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Companies should disclose the process for evaluating the performance of senior executives.

The process for evaluating the performance of senior executives is outlined in the Remuneration Report, commencing on page 28. A performance evaluation for the current senior executives has taken place this financial year in accordance with the Remuneration Policy.

Principle 2: Structure the Board to add value

A majority of the Board should be independent directors.

At the date of this Statement, the Board comprises 10 directors. Information on the skills, experience and expertise of each of CMH's directors and alternate director is provided in the Directors' Report from page 20.

Independent	**Term of Office** [1]
Christopher Corrigan *Non-executive director*	6 years 5 months *(appointed 8 March 2006)*
Rowena Danziger *Non-executive director*	14 years 11 months *(appointed 17 September 1997)*
Geoffrey Dixon *Non-executive director*	6 years 3 months *(appointed 31 May 2006)*
Christopher Mackay *Non-executive director*	6 years 5 months *(appointed 8 March 2006)*

Non-Independent	**Term of Office** [1]
Executive	
John Alexander *Executive Chairman*	12 years 8 months *(appointed 16 December 1999)*
Nominee or executive of a substantial shareholder	
James Packer *Non-executive Deputy Chairman*	20 years 4 months *(appointed 28 April 1992)*
Peter Gammell *Non-executive director*	2 years 11 months *(appointed 10 September 2009)*
Ashok Jacob *Non-executive director*	2 years 11 months *(appointed 10 September 2009)*
Guy Jalland *Non-executive director*	3 years 4 months *(appointed 8 April 2009)*
Ryan Stokes *Non-executive director*	2 years 11 months *(appointed 10 September 2009)*

1 to the nearest full month/year as at 21 August 2012.

A director will be considered independent if he or she is a non-executive director who is not a member of management and is free from any business or other relationship that could materially interfere with (or could reasonably be perceived to materially interfere with) the independent exercise of his or her judgment.

Unless the directors agree otherwise, a director will be regarded as independent if:

- The director is not a substantial shareholder of CMH, or an executive of, a substantial shareholder of CMH;
- During the last 3 years, the director:
  - Has not been employed in an executive capacity by CMH or a subsidiary of CMH, or
  - Has not been a principal of a material professional advisor or a consultant to CMH or a subsidiary of CMH, or an employee materially involved in providing such services to CMH;
- The director is not a material supplier or customer to CMH or a subsidiary of CMH, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- The director has no material contractual relationship with CMH or a subsidiary of CMH other than as a director of CMH.

The materiality thresholds for determining the independence of non-executive directors are:

- **For directors:** Any other relationship which accounts for more than 20 per cent of his or her gross income or if the relationship is with an entity in which a director, or any associate, has more than a 20 per cent economic interest (if a private entity) or a 10 per cent shareholding (if a listed entity);
- **Advisors and consultants:** In respect of fees paid, in excess of $2 million to advisors or consultants;
- **Customers:** In respect of customers, where CMH supplies products or services in excess of $2 million per annum; and
- **Suppliers:** In respect of suppliers, where CMH purchases goods or services in excess of $2 million per annum.

Each non-executive director regularly provides to the Board all information that may be relevant to his or her categorisation as an 'independent' or 'non-independent' director. This includes the disclosure to the Board by directors of, to the extent relevant, cross-directorships and family ties.

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Non-Compliance

During the year there has not been a majority of CMH directors who are classified as being independent, with the Board comprised of 1 executive director, 4 independent non-executive directors and 5 non-independent, non-executive directors.

To avoid any potential conflict, where any director has a material personal interest in a matter (or has another potential conflict) – other than as a shareholder – the director will not vote on the matter. The enforcement of this requirement ensures that the interests of shareholders as a whole are pursued, and are not jeopardised by, a lack of a majority of independent directors.

The Chair should be an independent director and the roles of Chair and Chief Executive Officer should not be exercised by the same individual.

The Executive Chairman of the Board is Mr John Alexander. The non-executive Deputy Chairman of the Board is Mr James Packer. In his capacity as Executive Chairman, Mr Alexander's duties and responsibilities are equivalent to the duties and responsibilities of a chief executive officer (**CEO**) of a holding company as no CEO has been appointed at CMH.

Non-Compliance

The Chairman of CMH, given his role as an executive at CMH, is not an independent director and CMH has not appointed a CEO. The Board has determined that the interests of shareholders are best served by the Executive Chairman fulfilling the function of CEO given the nature of CMH as a holding company.

The Board should establish a nomination committee.

The following procedures will be undertaken when selecting candidates for appointment to the Board:

- the Board will consider the skills and experience appropriate for an appointee, having regard to those of the existing directors and any other likely changes to the Board;
- upon identifying a potential appointee, the Board will consider the potential appointee's competencies and qualifications, independence, other directorships, time availability and the effect that their appointment would have on the overall balance of the composition of the Board; and
- all existing directors must consent to the proposed appointee.

Non-Compliance

The Board does not consider that the existing process for determining potential directors would be enhanced or made more efficient by the formation of a Nomination Committee, since the appointment of any new Board member is a matter reserved for the Board and requires the consent of all directors.

No new directors have been appointed this year.

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

A performance evaluation of the Board and its sub-committees is undertaken annually by way of a questionnaire sent to each director. The questionnaire will cover the role, composition, procedures and practices of the Board and its Committees. The individual responses to the questionnaire are confidential to each director, with questionnaire responses to be provided to the Chairman of the Audit, Risk & Governance Committee for his consideration and provision to the Executive Chairman of the Board.

Independent Advice

To enable CMH's Board and its Committees to fulfil their roles it is considered appropriate that independent advice may be obtained by directors at the expense of CMH. The Executive Chairman will ensure that the party from whom the advice is to be sought has no conflict with CMH and will approve payment of all invoices in relation to the advice.

Where appropriate, the Remuneration Committee receives direct advice from approved remuneration consultants in respect of the remuneration arrangements at CMH.

Re-election of directors

As required under the CMH constitution, no director (who is not a managing director) may hold office for a continuous period in excess of 3 years or until the third AGM following the director's appointment (whichever is longer) without submitting for re-election.

If no such director is required to submit for re-election but the ASX Listing Rules require than an election of directors be held, the director to retire at the AGM will be the director who has been the longest in office since their last election, but, as between persons who became directors on the same day, the one to retire shall (unless they agree otherwise among themselves) be determined by lot.

Company Secretary

CMH's Company Secretary assists the Board by monitoring that the policies and procedures of the Board and its Committees are followed, and by co-ordinating the timely completion and despatch of agendas and materials for the Board and its Committees. The Company Secretary is accountable to the Board, through the Executive Chairman, on all governance matters.

All Board members have access to the Company Secretary.

Board Induction

CMH has an induction process to allow new Board members to participate fully and actively in Board decision-making at the earliest opportunity. Each new Board member is provided with an induction kit upon appointment to the Board containing the CMH Constitution and a copy of the Corporate Governance Statement.

Each new Board member has full access to the management at CMH and is encouraged to meet with management to discuss the induction kit or matters concerning CMH or its investments generally.

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Principle 3: Promote ethical and responsible decision-making

Companies should establish a code of conduct and disclose the code or a summary of the code as to: the practices necessary to maintain the company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

CMH has established separate Codes of Conduct that outline the standard of ethical behaviour that is expected of its directors and employees at all times. These Codes of Conduct are available on the CMH website under 'Corporate Governance'.

Securities Trading Policy

CMH has a Securities Trading Policy which regulates the dealings by the directors, key management personnel and employees in securities issued by CMH. This policy has been disclosed in accordance with the ASX Listing Rules and is available on the CMH website under 'Corporate Governance'.

Companies should establish a policy concerning diversity and disclose the policy or a summary of the policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

CMH has adopted a Diversity Policy which outlines the approach by CMH to establishing measurable objectives for achieving diversity. A copy of this policy is available on the CMH website under 'Corporate Governance'.

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

CMH has established measurable objectives for achieving gender diversity in accordance with the Diversity Policy. These objectives focus on seeking to create a cohesive work environment and culture where employees are treated fairly and equally, and to develop flexible work practices to assist employees balance their work with family, carer and other responsibilities and include the existence of paid parental leave, job sharing arrangements, the proportion of women in the workforce and the communication of diversity initiatives.

CMH has measured its performance against these objectives for its small number of employees and this measurement has indicated that CMH is meeting its objectives under its Diversity Policy.

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

As a holding company, CMH has only a small number of employees. Of these employees:

- More than 50 per cent of the employees in the whole organisation are female;
- One third of the senior executive team is female; and
- 10 per cent of the Board is female.

Principle 4: Safeguard integrity in financial reporting

The Board should establish an Audit Committee.

CMH has an Audit, Risk & Governance Committee (the **Committee**) which is comprised of only independent, non-executive directors of CMH and has an independent Chairman.

The Audit Committee should be structured so that it consists only of non-executive directors; consists of a majority of independent directors; be chaired by an independent chair, who is not chair of the Board and have at least three members.

The Committee is currently comprised of 3 independent non-executive directors – Mr Geoffrey Dixon, Mrs Rowena Danziger and Mr Christopher Mackay. Mr Geoffrey Dixon is Chairman of the Committee. The Committee meets a minimum of 3 times per year and additionally as required.

Detail of the qualifications and skills of each of these directors is provided in the Directors' Report from page 20.

The Audit Committee should have a formal Charter.

The Committee has a formal Charter, outlining the role and responsibilities of the Committee. The Charter can be found on the CMH website under 'Corporate Governance'.

The Charter identifies the roles and responsibilities of the Committee in that the Committee provides advice and makes recommendations to the Board in relation to:

- Whether the external reporting of CMH is satisfactory and whether it is adequate for shareholder needs;
- Whether management's processes for external reporting are satisfactory;
- The performance and objectivity of the internal audit function (if required);
- The performance and independence of the external auditors, including confirmation that non-audit services provided by the external auditor to CMH have not compromised that independence;
- The compensation and annual letter of engagement of the external auditor;
- The appointment, or removal, of the external auditor and the rotation of the external audit engagement partners;
- Corporate governance disclosures required by law or regulatory bodies, including this Statement and the ASX Principles of Good Corporate Governance;
- Ongoing compliance with and evaluation of the Continuous Disclosure Policy; and
- Any amendment to existing policies, or adoption of new policies if required, to ensure CMH meets the corporate governance expectations of its shareholders and the market.

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The Charter also identifies the roles and responsibilities of the Committee concerning risk management at CMH.

Appointment of the external auditors

The Committee is responsible for recommending to the Board the appointment, reappointment and removal of the external auditors.

Independence of the external auditors

The Committee periodically reviews the independence of the external auditors, having regard to any relationships with CMH beyond the external audit function that could impair the external auditor's independence or judgment of CMH.

The Committee formally considers any non-audit services provided by the external auditor annually, and informally on an ongoing basis, to determine whether the provision of these non-audit services is compatible with the independence of the external auditor.

External audit scope

The Committee reviews the scope and materiality level of the external audit with the external auditors, with regard to any areas of identified risk.

Rotation of the External Audit Engagement Partners

Under the Act, audit partners must rotate every 5 years. CMH's external auditor, Ernst & Young, has confirmed that it has an internal policy which is consistent with this requirement.

Principle 5: Make timely and balanced disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the company.

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

In order to ensure compliance with the continuous disclosure obligations under the ASX Listing Rules, CMH has implemented a Continuous Disclosure Policy for its senior executives. Where a senior executive becomes aware of information that might constitute Material Information (as that term is defined in the policy), the individual must advise the Chairman, the General Counsel/ Company Secretary or a member of the Committee immediately for consideration and disclosure (if appropriate).

A copy of the Policy is included on the CMH website under 'Corporate Governance'.

Principle 6: Respect the rights of shareholders

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Board aims to ensure that shareholders are informed of all major developments affecting CMH in an accessible and understandable manner. Information is communicated to shareholders through the Annual Report, disclosures made to the ASX (available on the CMH website shortly after receiving confirmation from the ASX that the announcement has been released to the market), notices and explanatory memoranda of each AGM or other meeting of shareholders (each notice of meeting is posted on the CMH website) and through the AGM. CMH encourages its shareholders to attend its AGM to canvas relevant issues of interest, or send questions to CMH or its Auditor ahead of its AGM.

A copy of the Communications Policy is included on the CMH website under 'Corporate Governance'.

Principle 7: Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal control.

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

CMH has in place risk management policies and procedures which identify, assess, monitor and manage risk (including its material business risks), and allow CMH to inform the market of material changes to CMH's risk profile.

The Committee assists the Board in fulfilling its risk management duties as defined by applicable laws and regulations. The ultimate responsibility for the management of the risks of CMH lies with the Board.

The key duties of the Committee are as follows:

- Identifying areas of material business risk or exposure of CMH;
- At least annually, reviewing the arrangements put in place by CMH to ensure risk is effectively managed;
- Conducting regular reviews of the key strategic and emerging risks of CMH;
- Recommending CMH's risk appetite, risk approach and risk policy to the Board, including the setting of risk management authorities, limits and escalation procedures;
- In conjunction with management, establishing procedures to ensure identification of and compliance with relevant legal and regulatory requirements;
- Periodically reviewing CMH's risk management policy;
- Monitoring insurance coverage and providing guidance where appropriate; and
- Undertaking any other risk management tasks assigned to the Committee by the Board.

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A summary of the Risk Management Policy is included on the CMH website under 'Corporate Governance'.

The Board should require management to design, implement and review the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Board has required that management receive regular assurance from each of its investments and for each investment company to report to the Committee on a bi-annual basis, as appropriate. These reports identify each investment company's material business risks and the management of these risks.

Management has reported to the Board that CMH has effectively managed its material business risks.

The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks

Based on the risk management policies and procedures, and internal compliance and controls in place at CMH during the year, the Executive Chairman and the CFO have provided the Board with a declaration that, in their opinion:

- The financial records of CMH have been properly maintained in accordance with section 286 of the Act;
- The financial statements and notes for the 2012 financial year comply with the Accounting Standards;
- The financial statements and notes for the 2012 financial year give a true and fair view of the financial position and performance of the company and the consolidated entity;
- The financial records and statements for CMH are founded on a sound system of risk management and internal compliance and control;
- The risk management and internal compliance and control systems were operating efficiently and effectively in all material respects during the 2012 financial year; and
- All information has been provided to the Board to allow the Board to properly form the view that there are reasonable grounds to believe that CMH will be able to pay its debts as and when they become due and payable.

The Executive Chairman and CFO have confirmed to the Board that, subsequent to 30 June 2012, no changes or other matters have come to management's attention that would have a material effect on the operation of risk management and the internal compliance and control systems of CMH.

Attendance of the external auditor at the CMH AGM

It is both CMH's policy and the policy of the auditor for the lead engagement partner to be present at the AGM to answer questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 8: Remunerate fairly and responsibly

The Board should establish a remuneration committee and the remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent chair and has at least three members.

The Board has established a Remuneration Committee. The Remuneration Committee is chaired by the non-executive Deputy Chairman Mr James Packer, with two independent non-executive director members - Mr Geoffrey Dixon and Mrs Rowena Danziger. The Committee is subject to the direction and control of the Board.

The role of the Committee is to ensure the Board fulfils its corporate governance and oversight responsibilities relating to the remuneration of directors and senior executives; ensure that directors and senior management are remunerated fairly and responsibly; and to oversee the remuneration and human resources policies and practices of CMH.

The Committee has a Charter that sets out its role, responsibilities, composition, structure and membership requirements and the procedures for non-committee members to attend meetings. A copy of this Charter is available on the CMH website under 'Corporate Governance'.

Non-Compliance

Whilst the composition of the Committee is not entirely consistent with the requirements of ASX Principle 8.2, the Board considers that the appointment of 3 non-executive directors (with a majority of independent non-executive directors) provides the correct balance when assessing the appropriate remuneration for the independent non-executive directors and the very small senior executive team.

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

CMH clearly distinguishes between the structure of the independent non-executive directors' remuneration from that of executive directors and senior executives. The non-independent, non-executive directors do not receive remuneration from CMH. For further detail on the remuneration policies and practices at CMH, please see the Remuneration Report.

Your directors submit their Directors' Report (the **Report**) for the year ended 30 June 2012 (**FY12**).

Directors

The name of each person who has been a director of CMH during FY12 and at the date of this Report; each director's relevant appointment date; the date each director will stand for re-election and each director's relevant interest in CMH is detailed in the table below.

Name	Date appointed a director	Latest possible date for re-election	Relevant interest in CMH (no of shares)	Relevant interest in CMH (% of total shares on issue)[1]
John Henry Alexander	16 December 1999	2014 AGM	425,500	0.08
James Douglas Packer	28 April 1992	2013 AGM	281,175,931	50.05
Christopher Darcy Corrigan	8 March 2006	This year's AGM	—	—
Rowena Danziger	17 September 1997	2013 AGM	22,876	<0.01
Geoffrey James Dixon	31 May 2006	2014 AGM	—	—
Peter Joshua Thomas Gammell	10 September 2009	This year's AGM	—	—
Ashok Jacob	10 September 2009	This year's AGM	—	—
Guy Jalland	8 April 2009	This year's AGM	—	—
Christopher John Mackay	8 March 2006	This year's AGM	100	<0.01
Ryan Kerry Stokes	10 September 2009	This year's AGM	—	—

1 The total number of shares on issue at the date of this Report is 561,834,996 shares.

Mr Michael Roy Johnston was appointed as an alternate director to Mr Packer and Mr Jalland on 8 April 2009 and Mr Jacob on 10 September 2009. As an alternate director, Mr Johnston is not required to retire and stand for re-election. Mr Johnston does not hold any CMH shares.

No directors were appointed to or resigned from the Board this year.

Qualifications, experience, special responsibilities and public company directorships

As referenced in CMH's Corporate Governance Statement earlier in this Annual Report, the following is a summary of each director's qualifications, experience and special responsibilities, and details of their directorships of other public companies.

John Henry Alexander BA

Executive Chairman

Mr John Alexander is the Executive Chairman of CMH.

Prior to 2007, Mr Alexander was the Chief Executive Officer and Managing Director of Publishing and Broadcasting Limited (**PBL**) from 2004, the Chief Executive of ACP Magazines Limited from 1999 and PBL's media division comprising ACP Magazines Limited and the Nine Network from 2002. Before joining the PBL group, Mr Alexander was the Editor-In-Chief, Publisher and Editor of The Sydney Morning Herald and Editor-In-Chief of the Australian Financial Review.

Mr Alexander is a director of Crown Limited, Crown Melbourne Limited, Burswood Limited, Aspers Holdings (Jersey) Limited, Foxtel Management Pty Limited and FOX SPORTS Australia Pty Limited.

Directorships of other listed companies held during the last 3 years:

- Crown Limited – from 6 July 2007
- SEEK Limited – from 17 April 2009 to 26 August 2009

James Douglas Packer

Non-executive Deputy Chairman

Mr James Packer is the Deputy Chairman of CMH and is the Chairman of CMH's Remuneration Committee.

Mr Packer is the Executive Chairman of Consolidated Press Holdings Limited, a family company. The CPH Group is a 48% shareholder in ASX listed Crown Limited, which owns Crown Melbourne, Burswood Entertainment Complex and is an investor in Echo Entertainment Group in Australia and casinos in Macau. Mr Packer is Executive Chairman of Crown.

The CPH Group is a 50% shareholder in CMH.

Directorships of other listed companies held during the last 3 years:

- Challenger Financial Services Group Limited – from 6 November 2003 to 8 September 2009
- Crown Limited – from 6 July 2007
- SEEK Limited – from 31 October 2003 to 26 August 2009
- Sunland Group Limited – from 20 July 2006 to 13 August 2009
- Ten Network Holdings Limited – from 13 December 2010 to 2 March 2011

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Christopher Darcy Corrigan BEc

Independent, non-executive director

Mr Christopher Corrigan is an independent, non-executive director of CMH.

From March 1990 to July 2006, Mr Corrigan was Managing Director of Patrick Corporation Limited, Australia's largest container terminal operator and stevedore. Patrick also had interests in land-based logistics, freight rail transportation and aviation through Virgin Blue.

In 1990, Mr Corrigan sponsored the formation of a development capital business, Jamison Equity, which in December 1996 became a wholly owned subsidiary of the then publicly listed company Patrick Corporation Limited.

Prior to that, Mr Corrigan had a career with Bankers Trust spanning 20 years, including periods as Managing Director of Bankers Trust in Australia and then the Asia-Pacific region.

In September 2011, Mr Corrigan became the Chairman of Qube Logistics Holdings Limited.

Directorships of other listed companies held during the last 3 years:

- Crown Limited – from 6 July 2007
- Qube Logistics Holdings Limited – from 23 March 2011
- Webster Limited – from 30 November 2007 to 9 July 2010

Rowena Danziger BA TC MACE

Independent, non-executive director

Mrs Rowena Danziger is an independent, non-executive director of CMH and is a member of CMH's Audit, Risk & Governance Board sub-committee and Remuneration Board sub-committee.

Mrs Danziger's professional experience spans over 30 years in various Australian and American educational institutions. Mrs Danziger was the headmistress at Ascham School in Sydney from 1973 to 2003. She is currently Chairperson of The Foundation of the Art Gallery of NSW.

Mrs Danziger is also a director of Crown Limited and Crown Melbourne Limited.

Directorships of other listed companies held during the last 3 years:

- Crown Limited – from 6 July 2007

Geoffrey James Dixon

Independent, non-executive director

Mr Geoffrey Dixon is an independent, non-executive director of CMH, is Chairman of the CMH Audit, Risk & Governance Board sub-committee and is a member of the Remuneration Board sub-committee.

Mr Dixon is Chairman of the Australian Government's major tourism marketing organisation Tourism Australia and is Chairman of the Garvan Medical Research Foundation. Mr Dixon sits on the boards of publicly listed Australian companies Crown Limited and Facilitate Digital. Mr Dixon is also on the boards of Voyages Indigenous Tourism Australia, the Museum of Contemporary Art and the Great Barrier Reef Foundation, and is an Ambassador for the Australian Indigenous Education Foundation.

Mr Dixon has also worked in the airline, media, mining and government sectors.

Mr Dixon was Managing Director and Chief Executive Officer of Qantas Airways Limited from 2001 to 2008. He joined Qantas in 1994 and was also Chief Commercial Officer and, for two years, Deputy Chief Executive.

Directorships of other listed companies held during the last 3 years:

- Crown Limited – from 6 July 2007
- Facilitate Digital Holdings Limited – from 9 July 2009

Peter Joshua Thomas Gammell BSc CA

Non-independent, non-executive director

Mr Peter Gammell is a non-executive director of CMH. Mr Gammell is the Deputy Chairman of Australian Capital Equity Pty Ltd (**ACE**), the holding company associated with Mr Kerry Stokes AC. Prior to his appointment as Deputy Chairman, he was the Managing Director of ACE for the last 20 years.

As Managing Director of ACE, he built the Western Australian based group into one of Australia's largest private companies.

Mr Gammell has since been appointed the Chief Executive Officer of Seven Group Holdings Limited, a public company listed on the Australian Stock Exchange, which was formed as a result of the merger of Seven Network Limited and WesTrac Holdings Pty Ltd. WesTrac is the Caterpillar equipment dealer for Western Australia, New South Wales, the Australian Capital Territory and North East China.

Mr Gammell is the Chairman of Coates Hire, Australia's largest equipment hire company. He is also a director of Seven West Media Limited, a public company listed on the Australian Stock Exchange which was formed when West Australian Newspapers Holdings Limited acquired Seven Media Group in April 2011. Seven West Media's businesses include Seven Network, The West Australian, Pacific Magazines and a 50 per cent interest in Yahoo!7.

Mr Gammell is a member of the Institute of Chartered Accountants of Scotland and holds a Bachelor of Science degree from the University of Edinburgh. He has lived in Perth for the last 20 years.

Directorships of other listed companies held during the last 3 years:

- National Hire Group Limited – alternate director from 12 May 2008 to 20 May 2010
- Seven Group Holdings Limited – from 16 February 2010
- Seven Network Limited – from 22 June 1995 [1]
- Seven West Media Limited (formerly West Australian Newspapers Holdings Limited) – from 25 September 2008 [2]

1 Seven Network Limited (ASX Code SEV) was removed from ASX's official list on 9 July 2010 following the implementation of the schemes of arrangement in relation to the merger with WesTrac Holdings Pty Limited.

2 West Australian Newspapers Holdings Limited (ASX Code WAN) changed its name to Seven West Media Limited as of 2 May 2011 (ASX Code SWM).

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Ashok Jacob MBA
Non-independent, non-executive director
Mr Ashok Jacob is a non-executive director of CMH. Mr Jacob was appointed to the Board on 10 September 2009 (Mr Jacob had previously been a non-executive director of CMH from 9 November 1998 to 8 April 2009).

Mr Jacob is the Chairman of Ellerston Capital (appointed 6 August 2004). Mr Jacob was the CEO of CPH from 2006 to 2011 and previously the Joint CEO from 1998 to 2006.

Mr Jacob is a director of CPH (appointed 25 November 1998), Crown Limited (appointed 6 July 2007) and a director of MRF Limited (appointed 26 October 1998).

Mr Jacob holds a Masters of Business Administration from the Wharton School, University of Pennsylvania and a Bachelor of Science from the University of Bangalore.

Directorships of other listed companies during the last 3 years:

- Challenger Financial Services Group Limited – from 6 November 2003 to 8 September 2009
- Crown Limited – from 6 July 2007

Guy Jalland LLB
Non-independent, non-executive director
Mr Guy Jalland is a non-executive director of CMH. Mr Jalland is an executive of CPH. Mr Jalland was previously the Group General Counsel and Joint Company Secretary of PBL from 2004 – 2007 (appointed Company Secretary in 2005). Prior to joining PBL, Mr Jalland commenced as an executive of CPH in 1998.

Mr Jalland is also a director of a number of companies, including Foxtel Management Pty Limited, FOX SPORTS Australia Pty Limited and the Melbourne Football Club Limited.

Directorships of other listed companies held during the last 3 years:

- SEEK Limited – from 21 April 2009 to 26 August 2009 (alternate director to Mr Packer and Mr Alexander)

Christopher John Mackay BEc LLM
Independent, non-executive director
Mr Christopher Mackay is an independent, non-executive director of CMH and is a member of the CMH Audit, Risk & Governance Board sub-committee. Mr Mackay is a co-founder and Chairman of Magellan Financial Group Limited and a director of Magellan Flagship Fund Limited.

Mr Mackay has considerable experience in investment, business management, capital allocation and risk management. He became an investment banker in 1988, after being a corporate and banking lawyer, and has broad experience in the financial and corporate sectors.

Mr Mackay retired as Chairman of the investment bank UBS Australasia in March 2006, having previously been its Chief Executive Officer. He is a member of the Federal Treasurer's Financial Sector Advisory Council and is a former member of the Business Council of Australia and director of the International Banks & Securities Association.

Directorships of other listed companies held during the last 3 years:

- Magellan Financial Group Limited – from 21 November 2006
- Magellan Flagship Fund Limited – from 29 September 2006
- Seven Group Holdings Limited – from 1 June 2010

Ryan Kerry Stokes BCom
Non-independent, non-executive director
Mr Ryan Stokes is a non-executive director of CMH.

Mr Stokes is CEO of Australian Capital Equity Pty Limited (**ACE**), Executive Director of Seven Group Holdings Limited (**SGH**), a director of WesTrac Pty Ltd and Yahoo!7. He is also an alternate director of Seven West Media Limited (formerly West Australian Newspapers Holdings Limited).

Mr Stokes is Chair of the National Library of Australia, a director of the Australian Institute of Management (WA), the Perth International Arts Festival, the Australian Strategic Policy Institute Council and the Victor Chang Cardiac Research Institute.

Directorships of other listed companies held during the last 3 years:

- Engin Limited – from 31 October 2006 [3]
- Iron Ore Holdings Limited – from 1 January 2011
- Seven Group Holdings Limited – from 16 February 2010
- Seven Network Limited – from 16 December 2005 [1]
- Seven West Media Limited (formerly West Australian Newspapers Holdings Limited) – from 4 November 2008 (alternate director to Mr Kerry Stokes) [2]

Michael Roy Johnston BEc CA
Alternate director
Mr Johnston is an alternate director of CMH to Mr James Packer, Mr Ashok Jacob and Mr Guy Jalland.

Mr Johnston is the Finance Director of CPH, having previously been an advisor to the CPH Group for 17 years. As Finance Director, Mr Johnston oversees a large number of operational businesses within the CPH Group and its controlled associates. Mr Johnston was also the Chief Financial Officer of Ellerston Capital (a subsidiary of CPH) until 30 June 2008.

Prior to his appointment with the CPH Group, Mr Johnston was a senior partner in the Australian member firm of Ernst & Young. Mr Johnston was also on the Board of Partners of Ernst & Young, Australia.

Mr Johnston holds a Bachelor of Economics degree from Sydney University and is an Associate of the Institute of Chartered Accountants of Australia.

Directorships of other listed companies held during the last 3 years:

- Challenger Financial Services Group Limited – from 24 February 2006 to 8 September 2009 (alternate director to Mr Packer and Mr Jacob)
- Consolidated Media Holdings Limited – from 16 December 2005 to 8 April 2009 (from that time, alternate director)
- Crown Limited – from 6 July 2007

1 Seven Network Limited (ASX Code SEV) was removed from ASX's official list on 9 July 2010 following the implementation of the schemes of arrangement in relation to the merger with WesTrac Holdings Pty Limited.
2 West Australian Newspapers Holdings Limited (ASX Code WAN) changed its name to Seven West Media Limited as of 2 May 2011 (ASX Code SWM).
3 Engin Limited (ASX Code ENG) delisted from the ASX at the close of business on 8 August 2011.

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Officers

The name of each person who has been an officer of CMH during FY12 and at the date of this Report, each officer's relevant appointment date as an officer and his or her relevant interest in CMH is detailed in the following table.

Name	Date appointed	Position Title	Relevant interest in CMH (no of shares)	Relevant interest in CMH (% of total shares on issue)
Trent James Whitney	28 August 2009	Chief Financial Officer	2,000	<0.01
Louise Anne Mary Lane	7 December 2007	General Counsel/Company Secretary	—	—

No officers of CMH were appointed or resigned during the year.

Louise Anne Mary Lane LLB (Hons) BBus

General Counsel/Company Secretary

Mrs Lane commenced with CMH (then PBL) as Legal Counsel in September 2005, and was appointed to the role of Legal Counsel and Company Secretary of CMH in December 2007. Mrs Lane became General Counsel in 2009. Prior to her employment with PBL, Mrs Lane was employed in the regional compliance and legal teams of American Express.

Attendance at Board Meetings

The directors met together on 6 occasions this year in person and additionally via circular resolutions. The attendance of each director at each meeting is provided in the following table.

Name	Meetings held during the year	Attended[1]	Eligible to Attend
John Henry Alexander	6	6	6
James Douglas Packer	6	5	6
Christopher Darcy Corrigan	6	5	6
Rowena Danziger	6	6	6
Geoffrey James Dixon	6	6	6
Peter Joshua Thomas Gammell	6	6	6
Ashok Jacob	6	4	6
Guy Jalland	6	6	6
Christopher John Mackay	6	6	6
Ryan Kerry Stokes	6	6	6

1 Where a director could not attend a meeting and had an alternate director, the alternate director attended on his behalf.

Under Rule 7.13 of the CMH constitution, if all of the directors (other than any director on a leave of absence; a director who disqualifies him or herself from considering the resolution or a director who would be prohibited by the Act from voting) sign or consent to a written resolution, then that resolution is taken to have been passed by a meeting of the directors. This rule also applies to meetings of Committees.

In addition to the 6 meetings of the Board this year, 2 circular resolutions were approved by the directors.

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Committee membership and attendance

At the date of this Report, CMH has an Audit, Risk & Governance Board sub-committee and a Remuneration Board sub-committee. Details of the meeting of each Committee during the year, which include meetings by circular resolution, are detailed in the following table.

Audit, Risk & Governance Board sub-committee	Meetings held during the year	Attended	Eligible to Attend
Geoffrey James Dixon (Chair)	4	4	4
Rowena Danziger	4	4	4
Christopher John Mackay	4	4	4
Remuneration Board sub-committee			
James Douglas Packer (Chair)	5	5	5
Geoffrey James Dixon	5	5	5
Rowena Danziger [1]	5	2	2

1 Mrs Rowena Danziger was appointed to the Remuneration Board sub-committee in February 2012.

Dividends

On 21 August 2012, the CMH directors announced that CMH would pay a fully-franked final dividend on ordinary shares of 6 cents per ordinary share, payable on Friday 5 October 2012 to shareholders registered at the record date, being 5pm Friday 28 September 2012. This dividend will be paid to Australian shareholders by direct credit.

There was no conduit foreign income component to the dividend.

The extent to which the dividend reduces the consideration that is payable under the Indicative Proposal (as discussed on the next page), if it proceeds, has yet to be determined.

Details of dividends paid to shareholders during the year, and dividends announced but not paid during the financial year, are detailed in the table below.

	'000
Final dividend for FY12 announced (but not yet paid): On ordinary shares	$33,710
Dividends paid in the year: Interim dividend for the year on ordinary shares (paid in April 2012)	$58,993
Final dividend for FY11: On ordinary shares (paid in October 2011)	$33,710

Principal Activities and changes to the state of the Principal Activities during the year

The principal activities of the companies within the consolidated CMH group during the year were investments in subscription television, with CMH having a 25 per cent interest in Foxtel, Australia's leading subscription television provider, and a 50 per cent interest in FOX SPORTS Australia Pty Limited (formerly Premier Media Group Pty Limited), a leading producer of subscription television channels.

On 24 May 2012, CMH announced that Foxtel had completed its acquisition of AUSTAR United Holdings Limited (**AUSTAR**). The merged Foxtel and AUSTAR business services 2.3 million subscriber households, employs more than 2,500 people and has over seven million viewers every week.

As previously announced, CMH agreed to contribute up to $225 million to Foxtel's acquisition of AUSTAR, being its share of the estimated total scheme consideration, alongside its partners in Foxtel. To facilitate this, CMH put in place an unsecured, syndicated loan facility of $250 million, underwritten by its financiers ANZ and BNP Paribas in August 2011, having signed commitment letters in June 2011.

Following the satisfaction of relevant conditions precedent, CMH contributed $221.6 million to Foxtel's acquisition of AUSTAR on 12 April 2012 through a subordinated note arrangement.

Further detail on the terms of the Subordinated Note receivable is provided at **Note 21**.

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Other activities: CMH's investment in SEEKAsia

CMH has a 12.1 per cent interest in SEEKAsia Limited (**SEEKAsia**) alongside SEEK Limited, Macquarie Capital and Tiger Global (collectively, the **co-investors**).

SEEKAsia is the investment vehicle of the co-investors for an 80 per cent holding in JobsDB Inc, a leading online employment company with operations spanning SouthEast Asia. The vendor retains a 20 per cent investment in JobsDB Inc.

In 2012, CMH began receiving dividend income from its investment in SEEKAsia, with $0.7 million received in respect of the 2011 calendar year.

The News proposal

On 20 June 2012, CMH announced that it had received a non-binding and conditional proposal from News Limited to acquire 100 per cent of the shares in CMH at a price of $3.50 cash per share by way of a scheme of arrangement on a CMH-board recommended basis (the **Indicative Proposal**).

The Indicative Proposal is subject to a number of conditions, including but not limited to the approval of the News Corporation Board, confirmatory due diligence, approval of the Foreign Investment Review Board and there being no material adverse change to CMH's business. The Australian Competition and Consumer Commission announced on 2 August 2012 that it would not oppose the proposed acquisition by News of 100 per cent of the shares in CMH.

As noted in the ASX announcement by CMH, News requires the FIRB approvals and other outstanding conditions be satisfied prior to entering into a Scheme Implementation Deed.

CMH can give no assurance that the Indicative Proposal or any control transaction will proceed.

Review of operations

As outlined earlier in this Report, CMH does not have any material operations as it is a holding company, and its results are driven by the results of its investments.

For the year ended 30 June 2012, CMH reported an Operating NPAT result of $97.9 million, reflecting a 2.4 per cent improvement, or $2.3 million increase on the 2011 Operating NPAT result of $95.6 million.

This result comprises equity accounted contributions from both Foxtel (on a stand-alone basis) and FOX SPORTS of $42.0 million and $49.4 million respectively; dividends from SEEKAsia of $0.7 million; net interest revenue of $3.7 million (excluding the cost of the facility used to fund CMH's contribution to Foxtel's acquisition of AUSTAR); and the recognition of $9.0 million of previously unbooked tax losses, offset by corporate costs of $6.9 million.

CMH's Statutory NPAT result for FY12 of $85.8 million reflects the losses resulting from the accounting for Foxtel's AUSTAR acquisition ($5.1 million) and its financing ($4.8 million) and from historical contractual matters ($2.3 million).

This reflects a decline of $15.9 million on the Statutory NPAT result of $101.7 million in FY11. However, FY11's Statutory NPAT result included a net gain of $6.1 million over and above the Operating NPAT result, as compared to a net loss of $12.1 million in FY12.

The accounting for Foxtel's AUSTAR acquisition this year is not solely reflective of AUSTAR's operational performance for the five weeks that Foxtel owned the business – which was a gain of $3.7 million (CMH's share). The net loss of $5.1 million relating to AUSTAR also reflects CMH's 25 per cent share of the costs Foxtel incurred in running and completing the transaction; redundancies paid to AUSTAR employees at completion in May 2012; Foxtel's incremental financing costs and amortisation of intangibles recorded upon acquisition, partially offset by the interest Foxtel paid to CMH pursuant to the Subordinate Note.

Also included in CMH's FY12 Statutory NPAT result is the financing cost of CMH's facility, which included interest on the facility from the time the debt was drawn in mid-April 2012 to 30 June 2012 ($3.7 million), as well as the cost of having the facility available throughout the balance of the financial year ($1.1 million).

Foxtel released its results on 9 August 2012, in which it announced stand-alone EBITDA of $597.7 million (before one-off items), up 8.5 per cent on the 2011 result of $550.6 million and stand-alone PBT of $227.5 million, up 13.8 per cent on the 2011 result of $200.0 million. Foxtel (stand-alone) contributed $42.0 million to the CMH NPAT result, up $4.4 million on its 2011 contribution ($37.6 million).

Foxtel paid $60.0 million of cash distributions to CMH this year including over $5.7 million interest on the Subordinated Note.

FOX SPORTS results for the financial year were down on its results for the 2011 financial year. FOX SPORTS' EBITDA result of $143.4 million was down 1.8 per cent on the 2011 result of $145.9 million. FOX SPORTS PBT result for the year was $134.0 million, which was down 2.1 per cent on the 2011 result of $136.9 million.

FOX SPORTS contributed $49.4 million to CMH's NPAT result, down on its 2011 contribution of $51.5 million.

FOX SPORTS paid $45.0 million in cash distributions to CMH this year.

A more detailed summary of the FY12 results of Foxtel and FOX SPORTS is provided in the Investment Review from page 6 of this Annual Report and in the CMH full-year results announcement.

Corporate Information

CMH is a company limited by shares that is incorporated and domiciled in Australia. CMH is the parent entity.

Significant changes in the state of affairs

Other than as described in this Directors' Report, there have been no significant changes to CMH's state of affairs since 30 June 2012.

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Likely developments and expected results

Other than as described in this Directors' Report, and excluding any developments on News' Indicative Proposal, the directors are of the opinion that no other undisclosed matter or circumstances relating to the entity will significantly affect the operations and expected results of CMH.

The CMH results are driven largely by the performance of the company's underlying investments. The business strategies and prospects for future financial years of the investment companies are subject to confidentiality restrictions and have not been included in this Directors' Report.

Shareholder returns

Returns to shareholders, both through dividends and capital growth, are reflected in the Financial Highlights from page 2.

Share plans and options

CMH has not issued any share options. CMH does not have a share plan in place.

Indemnification and insurance of directors and officers

During or since the end of the financial year, CMH has paid premiums in respect of a contract insuring all the directors and officers of the parent entity and its controlled entities against costs incurred by them in defending any legal proceedings arising out of their conduct whilst acting in their capacity as a director or officer of CMH. The insurance contract specifically prohibits disclosure of the nature of the insurance cover, the limit of the aggregate liability and the premiums paid.

Environmental disclosure

It is the understanding of the directors that, to the extent applicable to CMH and its controlled entities, CMH complies with the environmental laws and regulations applicable in NSW. The directors are not aware of any specific piece of environmental legislation applying to CMH.

Auditors

The auditors of CMH are Ernst & Young. The partner of Ernst & Young responsible for CMH is Ms Megan Wilson.

The directors have received the Auditor's Independence Declaration, a copy of which is included on the following page and forms part of this Directors' Report.

Non-Audit services

CMH acquires non-audit services from Ernst & Young, largely in respect of taxation matters relating to pre-demerger and ongoing taxation items. These include, but are not limited to, matters in respect of the financial years ending on or prior to 30 June 2007, which at the time of the demerger of Crown and CMH (then Publishing and Broadcasting Limited (**PBL**)) agreed they would share as follows:

- Crown: 75 per cent; and
- CMH: 25 per cent.

The ratio of Audit to Non-Audit Services

The ratio of non-audit to audit services provided by Ernst & Young to CMH is approximately 12.2:1. This ratio reflects that:

- Ernst & Young advised CMH on tax related matters relating to CMH's involvement in Foxtel's acquisition of AUSTAR and is acting as an advisor to CMH in respect of News' Indicative Proposal;
- The fees paid by CMH to Ernst & Young as auditor are of the low level expected of a holding company, with each of CMH's investments separately audited; and
- The fees paid by CMH to Ernst & Young in respect of non-audit services, largely taxation advisory services, mostly reflect taxation matters pre-dating the PBL demerger (which occurred in December 2007), as well as the decision by the company not to employ an internal taxation advisory function.

In the absence of pre-demerger matters, the ratio of non-audit services to audit services provided by Ernst & Young would be significantly lower. Details of the amount paid or payable to Ernst & Young for non-audit services provided during the year are outlined in **Note 24** of the financial statements.

The directors have received the Auditor's Independence Declaration and are satisfied that the provision of non-audit services by Ernst & Young to the company during the year is compatible with the general standard of independence for auditors imposed by the Act. The directors are satisfied that the nature and scope of each type of non-audit service provided during the year means that the auditor's independence was not compromised.

Remuneration of key management personnel

The remuneration of CMH's key management personnel is addressed from page 28 of this Annual Report.

Rounding

The amounts contained in the financial statements have been rounded off to the nearest thousand dollars (where rounding is applicable) under the option available to CMH under ASIC Class Order 98/0100 (Class Order).

CMH is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors at Sydney, Tuesday 21 August 2012.

John Henry Alexander
Executive Chairman

Geoffrey James Dixon
Independent, non-executive director

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Auditor's Independence Declaration to the Directors of Consolidated Media Holdings Limited

In relation to our audit of the financial report of Consolidated Media Holdings Limited for the financial year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Megan Wilson

Megan Wilson
Partner
21 August 2012

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Executive Summary

As a holding company of minority interests in subscription television and new media investments, CMH is focused on retaining quality directors and a small team of key executives with the appropriate skills and expertise.

At the date of this Remuneration Report, CMH has a board of 10 directors (with one alternate director) and employs 3 executives (one of whom is a director and the Chairman) at its corporate head office, with 4 clerical staff.

The following directors and executives comprise the CMH key management personnel or **KMP:**

Director	Title
James Douglas Packer [1]	Non-executive Deputy Chairman
Christopher Darcy Corrigan	Non-executive director
Rowena Danziger	Non-executive director
Geoffrey James Dixon	Non-executive director
Peter Joshua Thomas Gammell	Non-executive director
Ashok Jacob [1]	Non-executive director
Guy Jalland [1]	Non-executive director
Christopher John Mackay	Non-executive director
Ryan Kerry Stokes	Non-executive director

1 Mr Michael Roy Johnston is an alternate director to Mr Packer, Mr Jacob and Mr Jalland.

Executive	Title
John Henry Alexander	Executive Chairman
Trent James Whitney	Chief Financial Officer
Louise Anne Mary Lane	General Counsel/Company Secretary

The CMH Remuneration Policy disclosed in this Report does not differ materially from the 2011 Remuneration Report, which was approved by more than 98.8 per cent of shares voting at the 2011 AGM. No comments were received on, or questions were raised about, the audited Remuneration Report at the 2011 AGM.

Remuneration Policy and the role of the Remuneration Committee

The CMH Remuneration Policy for the Executives (listed above), adopted by the Board, is to ensure that the remuneration packages properly reflect each Executive's duties and responsibilities, that the remuneration is appropriate and competitive against similarly sized peer group corporations and that there is a direct link between remuneration and performance.

The remuneration arrangements for the non-executive directors of CMH are discussed from page 31 of this Report. The directors nominated by the substantial shareholders of CMH – Messrs Packer, Stokes, Gammell, Jacob and Jalland – do not receive any remuneration from CMH.

Pursuant to its Charter, the Board's Remuneration sub-committee (**Committee**) provides advice and makes recommendations to the Board concerning the remuneration, recruitment, retention and termination policies and procedures for the Executives and the remuneration framework for the non-executive directors. In so doing, the Committee has direct reference to independent consultants as required.

During the year, the Committee used the independent remuneration services of Mr John Egan of Egan Associates at a cost of less than $7,000 to benchmark and make recommendations in respect of the base salary annual reviews of the Chief Financial Officer, Mr Trent Whitney and the General Counsel and Company Secretary, Mrs Louise Lane. In giving his advice to the Committee, where required Mr Egan confirmed that the remuneration recommendation was made free from undue influence by the KMP to whom the recommendation related.

Mr James Packer, CMH's non-executive Deputy Chairman, Mr Geoffrey Dixon and Mrs Rowena Danziger (each independent non-executive directors), sit on the Committee, with Mr Packer appointed as Chair.

Remuneration Structure for the Executives

Components of remuneration

The remuneration structure for the Executives comprises fixed remuneration and performance-based remuneration. CMH does not have a policy of paying sign-on bonuses and no such bonuses were paid this year.

Fixed Remuneration

Fixed remuneration is determined with reference to available market data, considering the scope and any unique aspects of an individual's role and having regard to the calibre of the individual. The fixed remuneration of the Executives typically includes Base Salary, superannuation, motor vehicle parking and mobile phone costs, aggregated to present the total employment cost of the Executive to CMH.

The fixed remuneration of each of the Executives is set out in the contract table on the next page.

The objective of fixed remuneration is to provide a base level of remuneration which is appropriate to the Executive's position and is an amount that is competitive in the market.

The responsibility for reviewing and setting the fixed remuneration of the Executives lies with the Board, having regard to any recommendations made to the Board by the Committee. The review process includes a consideration of performance and, where relevant, comparative remuneration in the market and in respect of Mr Alexander, an annual CPI review under his employment agreement.

No redundancy or discretionary payments relating to the retirement of any Executive were paid during the 2012 financial year. Any such payments would be determined by the Board, with reference to any recommendations of the Committee. Any termination or discretionary payment to the Executive Chairman would be considered and approved by the full Board.

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Performance-based Remuneration

CMH seeks to reward the performance of its Executives through the payment of short-term incentives (**STI**).

The STI is determined with reference to the performance of each Executive (excluding Mr Alexander, who is not eligible for an STI) against particular objectives relevant to that Executive's position, as well as the performance of CMH.

Each Executive, if he or she is eligible to receive an STI, may be awarded some or all of that STI following an assessment conducted using a combination of financial and non-financial measures in the form of key performance indicators (**KPI**). The criteria for the award of an STI are the achievement of the KPI for that year. The KPI principally focus on the achievement of CMH's annual business plan or budget, the management of material business risks and the achievement and implementation of other key initiatives.

Financial performance objectives (including performance against budgeted cashflow and budget and costs management) have been chosen as CMH considers that they are the best way to align performance outcomes with shareholder value.

Non-financial performance objectives (such as the implementation of transactional activity, operational efficiencies and cost savings, compliance and execution of key initiatives) are chosen where they are relevant to the Executive's area of work, as these metrics are aligned with the achievement of CMH's business plan.

The payment of any STI is discretionary, and a maximum STI potential has been agreed contractually with each Executive. Details on each Executive's STI are outlined in the contract table below. CMH does not have long-term incentive arrangements in place for its Executives.

Weighting of fixed and variable remuneration

The broad relative weighting between fixed and variable components of remuneration of each Executive this year is provided in the contract table below.

Contract summary

A summary of the contractual arrangements in place with the Executives is provided in the following table.

Each Executive is entitled to 4 weeks' annual leave and 10 days sick leave per annum; reimbursement of reasonable out-of-pocket expenses incurred with employment and may be requested to act as a director or officer of entities within the consolidated group of CMH for no additional remuneration. All contracts, irrespective of position, can be terminated without notice by CMH for serious misconduct.

	John Henry Alexander	Trent James Whitney	Louise Anne Mary Lane
Position Title	Executive Chairman.	Chief Financial Officer.	General Counsel / Company Secretary.
Changes during the year	CPI increase.	Increase to Base Salary 1 July 2012.	Increase to Base Salary 1 May 2012.
Term	Until 30 November 2012.	Until 28 August 2015.	Until 30 June 2015.
Base Salary (p.a.)	$1,697,553	$300,000 [1]	$250,000 [1]
Superannuation	9% of Base Salary [2]	9% of Base Salary – capped	9% of Base Salary – capped
Other benefits	Motor vehicle and driver. Mobile telephone. Applicable FBT.	Motor vehicle parking. Mobile telephone.	Motor vehicle parking. Mobile telephone.
STI (as a % of Base Salary)	Ineligible.	Discretionary maximum of 30% of Base Salary.	Discretionary maximum of 15% of Base Salary.
STI (as a maximum quantum)	Ineligible	$90,000	$37,500
Contracted Fixed : Variable remuneration weighting	100:0	70:30	85:15
Termination: by Executive	6 months' notice.	6 months' notice.	12 months' notice.
Termination: by CMH	12 months' notice without cause. 6 months' notice for performance issues without an opportunity to improve provided; 3 months' notice for performance issues where at least 3 months' notice to improve provided. 1 month's notice for incapacity.	6 months' notice without cause. 1 month's notice for performance issues where at least 3 months' opportunity to improve provided. 1 month's notice for incapacity.	12 months' notice without cause. 1 month's notice for performance issues where at least 3 months' opportunity to improve provided. 1 month's notice for incapacity.
Restraint	Mr Alexander may not work or consult with any media or gaming business that competes with CMH or Crown Limited. CMH is not required to elect to exercise the restraint. Mr Alexander's restraint expires on 30 November 2012.	No restraint.	No restraint.

1 During the year, Mr Whitney and Mrs Lane elected to receive a portion of their Base Salary as non-monetary benefits. Mr Whitney also elected to receive a portion of his Base Salary as superannuation contributions.

2 With the agreement of CMH, Mr Alexander received a portion of his uncapped superannuation entitlements as cash this year. This had no financial impact on CMH and did not change Mr Alexander's Total Remuneration.

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Relationship between the remuneration of the Executives and the performance of CMH

CMH's performance is largely driven by the performance of each of its investments and the implementation of head office initiatives. It is essential that the appropriate Executives are retained by CMH to manage the investment portfolio as well as co-ordinate the public company head office.

CMH seeks to do this by ensuring the fixed remuneration of each Executive is appropriate to each individual's line of work and is competitive in the market. CMH seeks to reward and incentivise the performance of its Executives through the use of STI, with the incentive linked to specific KPIs set with each Executive on an annual basis.

The approval of any STI is ultimately determined by the Board, upon receiving recommendations from the Committee.

CMH does not have a long term incentive plan.

During the year, the Executives managed a number of head office initiatives and transactional activity, including:

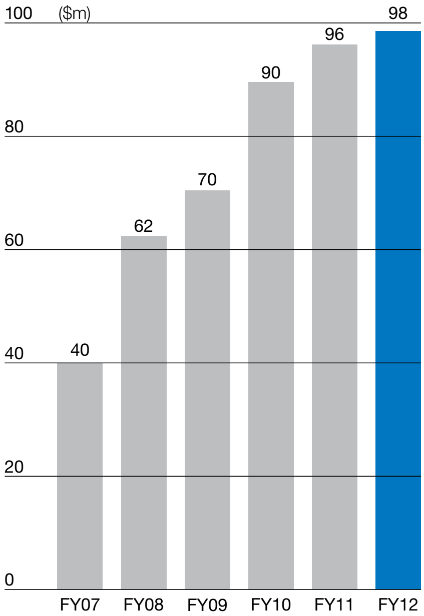
- CMH's participation in Foxtel's acquisition of AUSTAR;
- supporting the company's investments in Foxtel and FOX SPORTS, including by acting as directors of each business; and
- CMH's consideration of the indicative, non-binding and conditional proposal from News Limited to acquire 100 per cent of CMH.

As reflected in the graphs to the right, each of these initiatives and the support to CMH's investment portfolio delivered shareholder value.

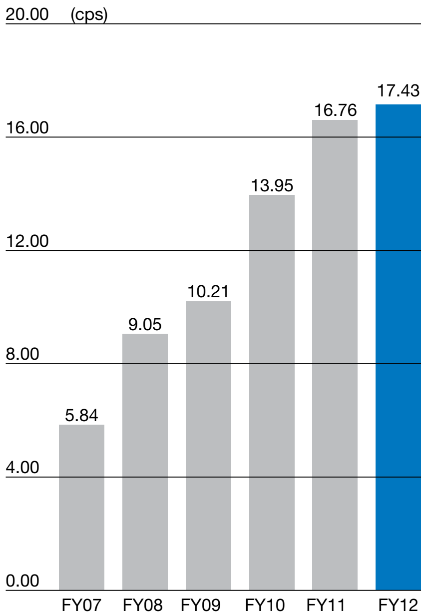
This year, the Operating NPAT result for CMH was $97.9 million (up from $95.6 million in FY11); Operating Earnings per Share (**EPS**) increased from 16.76 cents per share (in FY11) to 17.43 cents per share; and the equity accounted contribution from the company's investments included in Operating NPAT increased from $89.0 million (in FY11) to $91.4 million.

CMH has paid total dividends of 16.5 cents per share to its shareholders during the 2012 financial year.

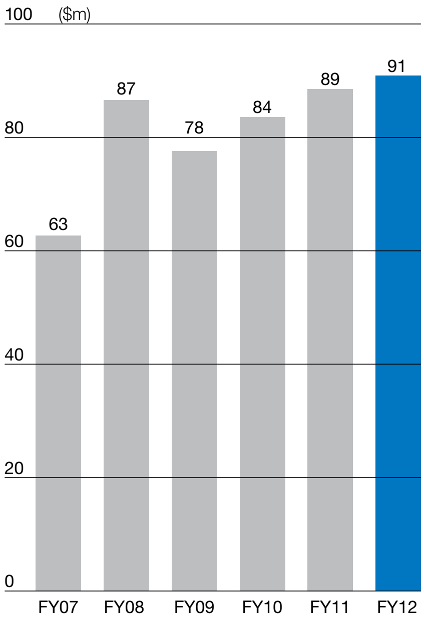
CMH Operating NPAT



CMH Operating EPS

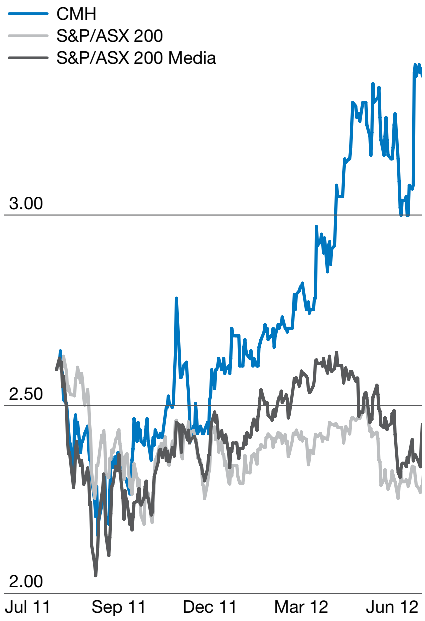


Equity accounted profit from Foxtel (excluding AUSTAR) and FOX SPORTS



CMH Share price performance (FY12)

Rebased to 1 July 2011



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Executive Remuneration Table

Executive	John Henry Alexander		Trent James Whitney		Louise Anne Mary Lane	
Financial Year	2012	2011	2012	2011	2012	2011
Cash salary, fees and short-term compensated absences	$1,753,231	$1,621,534	$244,247	$244,981	$180,677	$178,760
Non-monetary [1]	$112,832	$134,658	$33,353	$22,278	$42,589	$34,903
STI	Ineligible	Ineligible	$90,000	$66,000	$40,000	$40,000
% of Maximum STI	Ineligible	Ineligible	100	94	107 [2]	127 [2]
Other	Nil	Nil	Nil	Nil	Nil	Nil
Pension and super benefits	$70,708	$145,938	$24,775	$15,528	$15,775	$15,199
Post employment benefits (including LSL)	Nil	Nil	Nil	Nil	Nil	Nil
Other LTI	Nil	Nil	Nil	Nil	Nil	Nil
Termination benefits	Nil	Nil	Nil	Nil	Nil	Nil
Cash based share-based payments	Nil	Nil	Nil	Nil	Nil	Nil
Equity based share-based payments	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Total	**$1,936,771**	**$1,902,130**	**$392,375**	**$348,787**	**$279,041**	**$268,862**

1 Excludes FBT which is paid by CMH.

2 The Board resolved to reward Mrs Lane an amount in excess of her maximum STI in recognition of performance on matters outside her KPI this year.

Remuneration structure for the non-executive directors

As Mr Alexander is an Executive, his remuneration arrangements are addressed earlier in this Remuneration Report.

The CPH-nominated non-executive directors Mr James Packer, Mr Ashok Jacob and Mr Guy Jalland, and their alternate Mr Michael Johnston, do not receive any remuneration for their services as directors. Similarly, the Seven-nominated directors Mr Ryan Stokes and Mr Peter Gammell do not receive any remuneration for their services as directors.

The remuneration structure for the independent non-executive directors – Mr Christopher Corrigan, Mrs Rowena Danziger, Mr Geoffrey Dixon and Mr Christopher Mackay – is determined by the Board, with advice and recommendations from the Board's Committee as appropriate. In forming a view of the appropriate level of directors' fees to pay to the independent non-executive directors, the Committee may have reference to advice from independent remuneration consultants if required. Advice of this nature was not sought this year in respect of the fees paid to non-executive directors.

No changes were made to the remuneration arrangements of the Board this year.

Directors' Fees

The independent non-executive directors received a base fee of $65,000 (plus superannuation) for acting as a director of CMH. The non-executive directors' fees are determined within an aggregate non-executive directors' fee cap of $1 million which was approved by CMH's shareholders at the 2003 Annual General Meeting (**Remuneration Cap**).

Within the Remuneration Cap, the Board's policy in remunerating non-executive directors is to seek to set the remuneration of a non-executive director at a level which provides CMH with the ability to attract and retain non-executive directors of a high calibre, whilst incurring a cost which is acceptable to shareholders.

No performance-based fees are paid to the non-executive directors.

Non-executive directors are not provided with retirement benefits. While CMH does not have any retirement scheme for non-executive directors, the full Board may consider making a payment to a retiring non-executive director in a manner consistent with the Act and will have regard to the length of service and contribution of the retiring non-executive director, and will consider the appropriateness and reasonableness of the amount in the light of payments made in companies of a size comparable to CMH.

No retirement payments were made this year.

Board Sub-committee Chair and Member Fees

Fees paid to the independent non-executive directors for participation on the Board sub-committees this year were:

- Audit, Risk & Governance Committee: $20,000 for the role of Chair, $10,000 for the role of Member.
- Remuneration Committee: $5,000 for the role of Member.

CMH pays superannuation on these fees.

Relationship between the remuneration of the non-executive directors and the performance of CMH

It is important to CMH that its Board be comprised of directors with the appropriate skills and expertise. In making recommendations, the Committee looks to motivate, attract and retain its directors to work towards creating value for its shareholders and stakeholders.

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Director Remuneration Table

Director	Financial Year	Cash salary, fees and short-term compensated absences	Pension and super benefits	Termination benefits	Total
	2012	$65,000	$5,850	Nil	**$70,850**
Christopher Darcy Corrigan	2011	$65,000	$5,850	Nil	**$70,850**
	2012	$76,805	$6,913	Nil	**$83,718**
Rowena Danziger	2011	$75,000	$6,750	Nil	**$81,750**
	2012	$90,000	$8,100	Nil	**$98,100**
Geoffrey James Dixon	2011	$90,000	$8,100	Nil	**$98,100**
	2012	$0	$0	Nil	**$0**
Peter Joshua Thomas Gammell	2011	$0	$0	Nil	**$0**
	2012	$0	$0	Nil	**$0**
Ashok Jacob	2011	$0	$0	Nil	**$0**
	2012	$0	$0	Nil	**$0**
Guy Jalland	2011	$0	$0	Nil	**$0**
	2012	$0	$0	Nil	**$0**
Michael Roy Johnston	2011	$0	$0	Nil	**$0**
	2012	$75,000	$6,750	Nil	**$81,750**
Christopher John Mackay	2011	$75,000	$6,750	Nil	**$81,750**
	2012	$0	$0	Nil	**$0**
James Douglas Packer	2011	$0	$0	Nil	**$0**
	2012	$0	$0	Nil	**$0**
Ryan Kerry Stokes	2011	$0	$0	Nil	**$0**

Notes:
- Directors are not eligible for an STI or an LTI.
- Directors do not receive post-employment benefits (including LSL)
- Directors do not receive non-monetary or other benefits.

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STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2012

		Consolidated	
	Note	**2012 $'000**	**2011 $'000**
Continuing operations			
Revenues	3(a)	11,641	14,943
Expenses	3(b)	(10,638)	(8,241)
Share of net profits of associates and joint venture entities	12	80,568	89,048
Profit/(loss) from continuing operations before income tax and finance costs		81,571	95,750
Finance costs	3(c)	(4,774)	(15)
Profit/(loss) from continuing operations before income tax		76,797	95,735
Income tax benefit	4	9,000	6,000
Profit after income tax from continuing operations		85,797	101,735
Net profit for the year		85,797	101,735
Profit attributable to members of CMH		85,797	101,735
Other comprehensive income			
Movement in associates' reserve	18(a)	(802)	(4,959)
Other comprehensive income for the year, net of tax		(802)	(4,959)
Total comprehensive income for the year		84,995	96,776
Earnings per share for profit attributable to ordinary equity holders of the company:			
Basic earnings per share (cents)	6	15.27	17.83
Diluted earnings per share (cents)	6	15.27	17.83
Basic earnings per share from continuing operations (cents)	6	15.27	17.83
Diluted earnings per share from continuing operations (cents)	6	15.27	17.83

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STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Current assets			
Cash and cash equivalents	8	85,831	82,545
Trade and other receivables	9	1,453	7,825
Prepayments		79	920
Total current assets		87,363	91,290
Non-current assets			
Trade and other receivables	9	221,558	—
Other financial assets	10	34,665	34,665
Investments in associates	12	344,674	323,532
Plant and equipment	13	732	507
Deferred tax assets	4	19,378	10,820
Total non-current assets		621,007	369,524
Total assets		708,370	460,814
Current liabilities			
Trade and other payables	14	163,986	129,666
Interest bearing liabilities	15	29	24
Current tax payable	4	99	765
Provisions	16	658	428
Total current liabilities		164,772	130,883
Non-current liabilities			
Trade and other payables	14	194	—
Interest bearing liabilities	15	221,331	181
Provisions	16	122	91
Total non-current liabilities		221,647	272
Total liabilities		386,419	131,155
Net Assets		321,951	329,659
Equity			
Contributed equity	17	55,082	55,082
Reserves	18(a)	(417,851)	(417,049)
Retained profits	18(b)	684,720	691,626
Parent entity interest		321,951	329,659
Total Equity		321,951	329,659

CASH FLOW STATEMENT

For the year ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		10,124	1,557
Payments to suppliers and employees (inclusive of goods and services tax)		(11,592)	(7,898)
Distributions and advances received from associates	21(e)	99,246	125,000
Subordinated Note interest from associates	21(e)	5,754	—
Dividend received from other financial assets		223	—
Interest received		3,751	7,467
Financing costs including interest and other costs of finance paid		(6,661)	(15)
Income taxes (paid) / refund received		(154)	53
Net cash inflow from operating activities	23	100,691	126,164
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(404)	(451)
Payment for investment in other financial assets		(8,707)	(25,959)
Payment for investment in associates		(353)	—
Subordinated Note advanced to associate		(221,558)	—
Net cash inflow/(outflow) from investing activities		(231,022)	(26,410)
Cash flows from financing activities			
Share buy-back		—	(128,223)
Proceeds from bank debt		226,346	—
Dividends paid	5	(92,703)	(94,198)
Payment of lease liabilities		(26)	(26)
Net cash outflow from financing activities		133,617	(222,447)
Net (decrease)/increase in cash and cash equivalents		3,286	(122,693)
Cash and cash equivalents at the beginning of the financial year		82,545	205,238
Cash and cash equivalents at the end of the financial year	8	85,831	82,545

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STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2012

	Consolidated				
	Share Capital $'000	Associates' Reserve $'000	Share Buy-Back Reserve $'000	Retained Earnings $'000	Total $'000
At 1 July 2011	**55,082**	**(11,185)**	**(405,864)**	**691,626**	**329,659**
Profit for the period	**—**	**—**	**—**	**85,797**	**85,797**
Other comprehensive income	**—**	**(802)**	**—**	**—**	**(802)**
Total comprehensive income for the period	**—**	**(802)**	**—**	**85,797**	**84,995**
Transactions with owners in their capacity as owners					
Dividend paid	**—**	**—**	**—**	**(92,703)**	**(92,703)**
At 30 June 2012	**55,082**	**(11,987)**	**(405,864)**	**684,720**	**321,951**
At 1 July 2010	55,082	(6,226)	(289,111)	684,089	443,834
Profit for the period	—	—	—	101,735	101,735
Other comprehensive income	—	(4,959)	—	—	(4,959)
Total comprehensive income for the period	—	(4,959)	—	101,735	96,776
Transactions with owners in their capacity as owners					
Share buy-back	—	—	(116,753)	—	(116,753)
Dividend paid	—	—	—	(94,198)	(94,198)
At 30 June 2011	55,082	(11,185)	(405,864)	691,626	329,659

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes consolidated financial statements for CMH and its subsidiaries.

a) Basis of preparation

This financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Act. The financial report has also been prepared on an historical cost basis, except for certain financial assets that have been measured at fair value and investments in associates accounted for using the equity method.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to CMH under ASIC Class Order 98/100. CMH is an entity to which the Class Order applies.

The financial report has been prepared in accordance with Australian Accounting Standards.

Compliance with IFRS

Australian Accounting Standards include the Australian equivalents to International Financial Reporting Standards (**AIFRSs**). Compliance with AIFRSs ensures that the consolidated financial statements and notes of CMH comply with International Financial Reporting Standards (**IFRSs**).

Early adoption of standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2012 and are not expected to have any material impact on the financial report in future periods.

Net current liability position

CMH's Statement of Financial Position shows net assets of $321,951,000. The Statement of Financial Position also shows a net current liability position of $77,409,000. The net current liability position arises solely as a result of CMH's Advances from associates of $160,368,000, which is classified as current because CMH does not have an unconditional right to defer settlement for a period of greater than 12 months. This balance is not expected to result in cash outflows from CMH in the next 12 months and is expected to be settled over time by the receipt of dividends from Associates. If the Advances from associates balance was excluded from current liabilities, then CMH would have net current assets of $82,959,000, with cash on hand of $85,831,000 sufficient to pay its short-term liabilities.

Changes in accounting policies

The accounting policies adopted in the preparation of the financial report are consistent with those applied and disclosed in the 2011 annual financial report.

b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising CMH and all entities that CMH controlled from time to time during the year and at the reporting date.

Subsidiaries are fully consolidated from the date at which control is obtained by the Group. They are de-consolidated from the date that control ceases.

Subsidiary acquisitions are accounted for using the purchase method of accounting. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

c) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available. Management also considers other factors in determining operating segments such as the level of segment information presented to the Board.

Operating segments have been identified based on the information provided to the chief operating decision maker – being the Executive Chairman.

Accounting policies applied in preparing the segment information are the same as those disclosed elsewhere in this note.

d) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

i) Revenue from the sale of goods is recognised upon transfer of the risks and rewards of ownership to the customer which is considered to be upon delivery of goods to the customer.

ii) Revenue from rendering of a service is recognised when control of the right to be compensated for the services and the stage of completion can be reliably measured.

iii) Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

iv) Dividend revenue is recognised when the shareholder's right to receive the payment is established.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

e) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year's taxable income and any adjustments relating to prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

i) except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

i) except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the net profit.

f) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent upon the use of a specific asset or assets and the arrangement conveys a right to use the asset.

i) Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

ii) Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the leased term on the same basis as rental income.

g) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise of cash at bank, on hand and short-term deposits. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

h) Derivative financial instruments

The Group's associates use derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge the risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

In relation to fair value hedges (interest rate swaps) which meet the conditions for special hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in net profit.

Any gain or loss attributable to the hedged risk on remeasurement of the hedged item is adjusted against the carrying amount of the hedged item and recognised in net profit. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the income statement such that it is fully amortised by maturity.

In relation to cash flow hedges (forward foreign currency contracts) to hedge firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in net profit. When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to net profit in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss is recognised in equity is transferred to net profit.

i) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is raised where there is objective evidence that the consolidated entity will not be able to collect all amounts due.

Receivables from associates and other related parties are carried at amortised cost. Interest is recognised with the effective interest rate.

j) Investments in associates

The Group's investment in associates is accounted for under the equity method of accounting in the consolidated financial statements. These are entities in which the Group has significant influence but not control.

The financial statements of the associates are used by the Group when applying the equity method. Where associates apply different accounting policies to the Group, adjustments are made upon application of the equity method.

The investment in associates is carried in the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The net profit reflects the Group's share of the results of operations of the associates.

Where there has been a change recognised directly in the associates' equity, the Group recognises its share of any changes in its reserves.

k) Investments

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit and loss, loans and receivables or available-for-sale financial assets.

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

Following the loss of significant influence over the investment in Nine Entertainment Company (formerly PBL Media) and prior to its disposal during the year, Management designated the investment as being at fair value through profit and loss. Investments classified as financial assets at fair value through profit and loss are measured at fair value. Valuation gains or losses on these investments are recorded directly in net profit.

After initial recognition, other investments, which are classified as available-for-sale, are measured at fair value. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in net profit.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

l) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation on plant and equipment is calculated using the straight line method over the estimated useful life of 2 – 5 years.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in net profit in the year the item is derecognised.

m) Recoverable amounts

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

n) Trade and other payables

Liabilities are brought to account for amounts payable in relation to goods received and services rendered, whether or not billed to the Group at reporting date.

o) Share based payments

The value of cash-settled share-based payments is recorded as a liability at each balance date with reference to the Group's share price at the balance date and the amount of the services received. Changes in the share-based payment liability are recorded directly in net profit.

p) Interest-bearing borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method.

Interest-bearing borrowings are classified as non-current where the group has an unconditional right to defer settlement for a period of greater than 12 months.

q) Provisions

Provisions are recognised when the Group has a legal or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other events, it is probable that a future sacrifice of economic benefit will be required and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

r) Employee benefits

i) Wages and salaries and annual leave

Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

iii) Bonuses

The Group recognises a liability and an expense for bonuses based on a percentage of achievement against key performance criteria on an individual basis. The Group recognises a provision where contractually obligated or where there is past practice that has created a constructive obligation.

s) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie: the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the current market rate of return for a similar financial asset.

iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to net profit. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

t) Contributed equity

Ordinary shares are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Group, less transaction costs.

u) Share buy-back reserve

The cost of share buy-backs were recorded in a reserve account called the Share Buy-Back Reserve. The sole purpose of this reserve is to record the cost of share buy-backs. The cost included the purchase price of the shares bought back, plus any costs directly attributable to the share buy-back, including brokerage fees paid.

v) Foreign currency translation

Both the functional and presentation currency of CMH and its subsidiaries (including foreign subsidiaries) is Australian dollars.

w) Dividends

Provision is made for the amount of any dividend declared on or before the end of the period but not distributed at balance date.

x) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

y) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

z) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. Refer to Note 10(b) for the disclosure of valuation assumptions applied to assess the fair value of CMH's Available for sale investments. There are no other estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period.

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2. SEGMENT INFORMATION

One operating segment, being investment in subscription television, was identified by the Group based on the internal reporting used by the Executive Chairman and the Board in assessing performance and in determining the allocation of resources.

Information about the performance of the segment is generally reported to the Executive Chairman weekly in the following form.

	Consolidated	
	2012 $'000	2011 $'000
Revenue	1,466	1,372
Expenses	(8,137)	(6,711)
EBITDA	(6,671)	(5,339)
Depreciation	(179)	(145)
EBIT	(6,850)	(5,484)
Investment Income		
Associates		
Foxtel	41,964	37,595
FOX SPORTS	49,417	51,453
Total Equity Accounted Profit	91,381	89,048
SEEKAsia (dividend income)	674	—
Total Investment Income	92,055	89,048
Net Interest	3,735	6,056
Operating Profit before tax	88,940	89,620
Tax Benefit	9,000	6,000
Operating NPAT	97,940	95,620
Non-Operating Items		
Property result	—	6,979
AUSTAR related items [1]	(5,059)	—
AUSTAR CMH facility cost	(4,762)	—
Historical contractual matters [2]	(2,322)	(864)
Statutory NPAT	85,797	101,735

1 AUSTAR related items include interest revenue on the Subordinated Note of $5,754.000, offset by the portion of the equity accounted profit attributable to the AUSTAR business and transaction related items, resulting in a loss of $10,813,000.

2 Costs relating to contractual matters existing at the time of the PBL demerger and described in section 14 of the Scheme Booklet (see section 14.12). Please also refer to **Note 21**.

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	Consolidated	
	2012 $'000	2011 $'000
3. REVENUE AND EXPENSES		
Profit before income tax includes the following revenues and expenses:		
a) Revenue from continuing operations		
Revenue from services	1,328	1,234
Property service fee	—	7,500
Proceeds from sale of other financial assets available for sale	138	—
Dividends received from other financial assets	674	—
Interest received	3,747	6,071
Subordinated Note interest received from associates	5,754	—
Other revenue	—	138
	11,641	14,943
b) Expenses from continuing operations		
Corporate and administration	9,178	6,341
Other	1,460	1,900
Total expenses	10,638	8,241
Depreciation		
(included in expenses above)		
Plant and equipment	142	108
Total Depreciation	142	108
Amortisation		
(included in expenses above)		
Plant and equipment under finance lease	37	37
Total amortisation	37	37
Other Expenses		
(included in expenses above)		
Share-based payment expense	194	—
Operating lease rentals	166	158
c) Finance costs		
Lease interest	12	15
Facility availability fees	1,076	—
Bank debt interest (including amortisation of facility establishment costs)	3,686	—
	4,774	15
d) Specific items		
Continuing operations		
Historical contractual matters (included in corporate and administration expenses)	(2,322)	(864)
Property service fee	—	7,500
Property related write offs and impairments (included in other expenses)	—	(521)
Total specific items	(2,322)	6,115

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	Consolidated 2012 $'000	Consolidated 2011 $'000
4. INCOME TAX EXPENSE		
a) Income tax expense		
The prima facie tax expense, using tax rates applicable in the country of operation, on profit differs from income tax provided in the financial statements as follows:		
Profit/(loss) before income tax	76,797	95,735
Prima facie income tax expenses on profit at the Australian rate of 30% (2011: 30%)	23,039	28,721
Tax effect of:		
Franked dividends	(14,700)	(10,023)
Share of associates' net (profits)	(24,170)	(26,714)
Dividends and interest from associated entities	17,693	13,353
Tax losses not brought to account	24,955	45,992
Timing differences not recognised	—	35,437
Other items – net	62	42
Recognition of prior year timing difference not previously brought to account	(35,437)	—
Difference in tax and accounting base	—	(93,150)
Income tax (over)/under provided in prior years	(442)	342
Income tax (benefit)	(9,000)	(6,000)
Income tax expense / (benefit) comprises:		
Current expense	—	—
Deferred (benefit)	(8,558)	(7,059)
Adjustments for current income tax of prior periods	(442)	1,059
Income tax (benefit)	(9,000)	(6,000)
Tax (benefit) from continuing operations	(9,000)	(6,000)
b) Balance sheet items		
Deferred income tax assets	19,378	10,820
Current tax payable	99	765
c) Deferred income tax assets and liabilities at the end of the financial year		
Employee benefits provision	234	186
Other provisions and accruals	1,140	166
Property, plant, equipment and investment property	128	388
Losses	17,454	9,005
Other	422	1,075
Net deferred income tax assets	19,378	10,820
d) Movements in deferred income tax assets and liabilities during the financial year, reflected in deferred income tax expense/(benefit)		
Deferred tax on:		
Employee benefits provision	48	39
Other provisions and accruals	974	(156)
Property, plant, equipment and investment property	(260)	(1,749)
Losses	8,449	9,005
Other	(653)	(80)
Net deferred income tax (benefit)/expense	8,558	7,059

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4. INCOME TAX EXPENSE CONTINUED

e) Tax consolidation

CMH and its wholly-owned Australian resident subsidiaries formed a tax consolidated group with effect from 12 December 2007. CMH is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement with the head entity in order to allocate income tax expense between the head entity and the wholly-owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date the possibility of default is remote.

f) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes to members of the tax consolidated group in accordance with their taxable income for the period. The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head entity.

g) Tax Losses

The group has tax losses of $238,677,000 (2011: $152,861,000) available indefinitely for offset against future taxable profits. The potential deferred tax asset of $71,603,000 (2011: $45,858,000) of revenue losses and $21,851,000 (2011: $21,285,000) of capital losses has not been recognised as an asset because realisation of the benefit is not considered probable.

In addition, the group has a potential deferred tax asset of $Nil (2011: $35,437,000) which has not been recognized as an asset because the realisation of the benefit is not considered probable.

	2012 $'000	2011 $'000
5. DIVIDENDS		
Ordinary shares		
Final dividend of 6 cents per fully paid share paid on 21 October 2011 (2010: 6 cents)		
— Unfranked (2010: unfranked)	33,710	35,205
Interim dividend of 10.5 cents per fully paid share paid on 13 April 2012 (2011: 10.5 cents)		
— Unfranked (2011: unfranked)	58,993	58,993
Total dividends provided for or paid	92,703	94,198
Dividends not recognised at year end		
Final dividend of 6 cents per fully paid share announced to be paid on 5 October 2012 (2011: 6 cents)		
— Fully franked (2011: unfranked)	33,710	33,710

Franked dividends

The franked portions of dividends recommended after 30 June 2012 will be franked out of existing franking credits, out of franking credits arising from the payment of income tax or franking credits received from the receipt of fully franked dividends from the Group's investments.

	2012 $'000	2011 $'000
Franking credits balance at 30 June	58,520	38,655
Franking credits not available for subsequent years	(17,081)	(32,230)
Franking credits available for subsequent financial years based on a tax rate of 30% (2011: 30%)	41,439	6,425
Impact of dividends announced subsequent to 30 June and therefore not recognised as a liability at 30 June	(14,447)	—
Franking credits available for subsequent financial years based on a tax rate of 30% (2011: 30%) after allowing for dividends announced after 30 June, but before the financial report was issued.	26,992	6,425

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

a) franking credits that will arise from the payment/(receipt) of the current tax liability/(receivable);
b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

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	Consolidated 2012	Consolidated 2011

6. EARNINGS PER SHARE

	2012	2011
Basic earnings per share (cents)	15.27	17.83
Diluted earnings per share (cents)	15.27	17.83
Basic earnings per share from continuing operations (cents)	15.27	17.83
Diluted earnings per share from continuing operations (cents)	15.27	17.83
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	561,834,996	570,540,652

	Consolidated 2012 $'000	Consolidated 2011 $'000
Reconciliations of earnings used in calculating basic and diluted earnings per share — Net profit	85,797	101,735
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	85,797	101,735
Profit excluding discontinued operations	85,797	101,735
Earnings used in calculating basic and diluted earnings per share from continuing operations	85,797	101,735

7. PARENT ENTITY DISCLOSURES

	Parent Entity 2012 $'000	Parent Entity 2011 $'000
a) Financial position		
Current Assets	69,843	755,320
Non-Current Assets	19,378	60,320
Total Assets	89,221	815,640
Current Liabilities	99	779,894
Non-Current Liabilities	—	—
Total Liabilities	99	779,894
Net Assets	89,122	35,746
Contributed Equity	55,082	55,082
Share Buy-Back Reserve	(405,864)	(405,864)
Retained Earnings	439,904	386,528
Total Equity	89,122	35,746
b) Comprehensive income		
Net profit/(loss) for the year	146,079	(8,923)
Other comprehensive income	—	—
Total comprehensive income for the year	146,079	(8,923)

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7. PARENT ENTITY DISCLOSURES CONTINUED

c) Commitments and contingencies

The parent entity was a party to the Deed of Cross Guarantee entered into with various Group companies. Refer to **Note 25** for further details.

Refer to **Note 19** for disclosure of the Group's commitments and contingencies. The operation of the Deed of Cross Guarantee has the effect of joining the parent entity as a guarantor to the Group's commitments and contingencies.

	Consolidated	
	2012 $'000	2011 $'000
8. CASH AND CASH EQUIVALENTS		
Current		
Cash at bank and on hand	85,831	82,545
Total cash and cash equivalents	85,831	82,545

At 30 June 2012, no cash was placed on deposit for a term of greater than 90 days.

		Consolidated	
	Note	2012 $'000	2011 $'000
9. TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables	(a)	140	69
Amounts receivable from other related parties	21	242	125
Other receivables		607	131
Accrued interest receivable		13	—
SEEKAsia dividend receivable		451	—
Property service fee receivable		—	7,500
Total current receivables		1,453	7,825
Non-current			
Subordinated Note receivable from associates	21	221,558	—
Total non-current receivables		221,558	—

(a) Trade receivables are non-interest bearing and are on 30 day terms. At 30 June 2012, no trade receivables are past due and no trade receivables are considered impaired.

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	Note	Consolidated 2012 $'000	2011 $'000
10. OTHER FINANCIAL ASSETS			
Non-current			
Investment at fair value through the profit and loss	(a)	—	—
Available for sale investments	(b)	34,665	34,665
Total other financial assets		34,665	34,665

a) Investment at fair value through the profit and loss
During the year, CMH disposed its investment in Nine Entertainment Company (formerly PBL Media). Until the time it was disposed, CMH designated this investment as an investment at fair value through the profit and loss. At 30 June 2011, the fair value was considered to be $nil.

b) Available for sale investments
CMH holds a 12.08 per cent interest in SEEKAsia, which in turn holds an 80 per cent interest in JobsDB, an online jobs internet portal with operations across SouthEast Asia. Neither SEEKAsia nor JobsDB are listed entities.

CMH's investment in SEEKAsia is carried at fair value at 30 June 2012. In the year ended 30 June 2012, no valuation adjustments were recorded. At 30 June 2012, fair value has been calculated based on a discounted cash flow analysis of CMH's 9.66 per cent look-through interest in JobsDB. Key assumptions applied to the internal cashflow projections to 30 June 2017 include discount rates of between 12 per cent and 14 per cent, and a terminal growth rate of 4.5 per cent. At 30 June 2011, key assumptions applied to the internal cashflow projections to 31 December 2015 included discount rates of between 12.1 per cent and 19.4 per cent depending on the market (although markets representing approximately 80 per cent of the value used discount rates of between 12.1 and 14.3 per cent), and a terminal growth rate of 4 per cent.

Reasonably possible changes to these assumptions would not result in adjustments to the valuation that would have a material impact on CMH's balance sheet at 30 June 2012.

11. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following significant subsidiaries in accordance with the accounting policy described in **Note 1(b)**:

	Footnote	Country of incorporation	Class of shares	Consolidated Equity holding (% held) [1] 2012	2011
Parent entity					
CMH		Australia	Ordinary	—	—
Significant controlled entities and those included in a class order with the parent entity are:					
— Carraroe Pty Limited	2	Australia	Ordinary	100%	100%
— Mancon Nominees Pty Limited	2	Australia	Ordinary	100%	100%
— Manden Productions Pty Limited	2	Australia	Ordinary	100%	100%
— PBL Enterprises Pty Limited	2	Australia	Ordinary	100%	100%
— PBL Film Holdings Pty Limited	2	Australia	Ordinary	100%	100%
— PBL Management Pty Limited	2	Australia	Ordinary	100%	100%
— PBL Media Holdings Shareholder Pty Limited	2	Australia	Ordinary	100%	100%
— PBL Pay TV Pty Limited	2	Australia	Ordinary	100%	100%
— PBL Property Pty Limited	2	Australia	Ordinary	100%	100%
— Robbdoc Pty Limited	2	Australia	Ordinary	100%	100%
— Windfyr Pty Limited	2	Australia	Ordinary	100%	100%

1 The proportion of ownership interest is equal to the proportion of voting power held.
2 These controlled entities have entered into a deed of cross guarantee with the parent entity under ASIC Class Order 98/1418, refer **Note 25**.

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	Consolidated 2012 $'000	Consolidated 2011 $'000
12. INVESTMENTS IN ASSOCIATES		
Investments at equity accounted amount:		
Non-current		
Associated entities	344,674	323,532
	344,674	323,532

	Reporting date	Principal activity	Country of incorporation	Interest[1] 2012	Interest[1] 2011
FOX SPORTS Australia Pty Limited	30 Jun	Pay TV sport service	Australia	50.0%	50.0%
Foxtel	30 Jun	Investment in Pay TV	Australia	25.0%	25.0%

1 The proportion of ownership interest is equal to the proportion of voting power held.

CMH owns 50 per cent of the ordinary shares issued by FOX SPORTS Australia Pty Limited and holds 50 per cent of the Convertible Redeemable Preference Shares issued by FOX SPORTS Australia Pty Limited. These convertible redeemable preference shares have a face value of $177,860,417 and generate a preference share return based on an interest margin of 130 basis points above BBSW 90 days.

Contractual rights provide CMH with an effective 25 per cent voting interest in Foxtel. The equity interest is held via FOX SPORTS' wholly-owned subsidiary, Sky Cable Pty Limited.

	Consolidated 2012 $'000	Consolidated 2011 $'000
Share of associates' revenue and profits – continuing		
Revenue	827,986	760,675
Operating profit before income tax	107,350	118,442
Income tax expense	(26,782)	(29,394)
Share of associates' net profit after income tax	80,568	89,048

On 23 May 2012, Foxtel gained control of AUSTAR United Communications Limited. The AUSTAR business combination accounting has been performed by Foxtel on a provisional basis. For the five weeks that Foxtel owned AUSTAR, CMH's after tax share of AUSTAR's operating results, the net incremental interest on the financing for the transaction, amortisation on the intangibles acquired as part of the transaction, as well as CMH's share of Foxtel's transaction costs was a loss of $10,813,000.

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	Consolidated 2012 $'000	Consolidated 2011 $'000

12. INVESTMENTS IN ASSOCIATES CONTINUED

	2012 $'000	2011 $'000
Carrying amount of investments in associates		
Balance 1 July	323,532	273,929
Equity share of associates reserves	(802)	(4,959)
Share of associates' net profit for the year – continuing	80,568	89,048
Dividends and preference dividends received or receivable	(58,977)	(34,486)
Costs related to subordinated Note investment	353	—
Carrying amount of investment in associates at the end of the year	344,674	323,532
Investments at equity accounted amount:		
— FOX SPORTS Australia Pty Limited	176,950	186,510
— Foxtel	167,724	137,022
	344,674	323,532
The consolidated entity's share of the assets and liabilities of associates in aggregate		
Current assets	175,056	164,183
Non-current assets	1,135,614	385,334
Current liabilities	(195,198)	(157,371)
Non-current liabilities	(593,229)	(209,758)
Net assets	522,243	182,388

13. PLANT AND EQUIPMENT

	Plant and equipment $'000	Plant and equipment under lease $'000	Total $'000
At 30 June 2012			
Cost	**12,830**	**186**	**13,016**
Accumulated depreciation and impairment	**(12,195)**	**(89)**	**(12,284)**
Net book amount	**635**	**97**	**732**
At 30 June 2011			
Cost	12,426	186	12,612
Accumulated depreciation and impairment	(12,053)	(52)	(12,105)
Net book amount	373	134	507
Movement Schedules			
Year ended 30 June 2012			
Opening net book amount	**373**	**134**	**507**
Additions	**404**	**—**	**404**
Depreciation charge	**(142)**	**(37)**	**(179)**
Closing net book amount	**635**	**97**	**732**
Year ended 30 June 2011			
Opening net book amount	30	171	201
Additions	451	—	451
Depreciation charge	(108)	(37)	(145)
Closing net book amount	373	134	507

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		Consolidated	
	Note	2012 $'000	2011 $'000
14. PAYABLES			
Current			
Trade and other payables	(a)	299	831
Interest payable		3,278	—
SEEKAsia investment payable		—	8,707
Advances from related parties	21	160,368	120,099
Unearned income		41	29
Total current payables		163,986	129,666
Non-current			
Share-based payment liability	(b)	194	—
Total non-current payables		194	—

(a) Trade creditors are normally settled on 30 day terms. Payables to wholly owned subsidiaries are non-interest bearing and payable on demand.

(b) The Group has entered an agreement where it receives services from a third party until November 2016, where the fee payable is based on the value of 2 million shares in November 2016.

		Consolidated	
	Note	2012 $'000	2011 $'000
15. INTEREST BEARING LIABILITIES			
Current			
Secured			
Lease liability	19(b)	29	24
Total current liabilities		29	24
Non-current			
Unsecured			
Bank debt	(c)	221,181	—
Secured			
Lease liability	19(b)	150	181
Total non-current liabilities		221,331	181
a) Total secured liabilities			
Lease liability		179	205
Total secured liabilities		179	205

The lease liability is secured by a charge over the leased assets.

b) Assets pledged as security

The carrying amounts of assets pledged as security for interest-bearing liabilities are:

Finance lease			
— plant and equipment		97	134

c) Bank Debt

The Bank debt includes:

Amount of facility drawn		226,346	—
Unamortised facility establishment costs		(5,165)	—
Bank debt		221,181	—

CMH does not have access to any unused facilities. The bank debt is subject to customary covenants.

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Consolidated	Employee entitlements $'000	Bonus $'000	Total $'000
16. PROVISIONS			
Current 30 June 2012	**548**	**110**	**658**
Non-current 30 June 2012	**122**	**—**	**122**
	670	**110**	**780**
Current 30 June 2011	326	102	428
Non-current June 2011	91	—	91
	417	102	519
Movement Schedule			
At 1 July 2011	**417**	**102**	**519**
Arising during the year	**356**	**114**	**470**
Utilised during the year	**(103)**	**(106)**	**(209)**
At 30 June 2012	**670**	**110**	**780**

a) Bonus

The provision for bonus represents the present value of bonuses to be made at the discretion of the Board Remuneration Sub-committee upon achievement of relevant KPIs established in the relevant year.

	Consolidated	
	2012 $'000	2011 $'000
17. CONTRIBUTED EQUITY		
561,834,996 (2011: 561,834,996) authorised and fully paid ordinary shares	55,082	55,082
Total contributed equity	55,082	55,082

a) Movement in fully paid ordinary shares

Date	Details	Note	Number of shares	$'000
30 June 2010	Balance		612,009,233	55,082
	Share buy-back pre 30 June 2010 cancelled post 30 June 2010	(c)	(15,250,762)	—
	Share buy-back		(34,923,475)	—
30 June 2011	Balance		561,834,996	55,082
30 June 2012	Balance		561,834,996	55,082

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17. CONTRIBUTED EQUITY CONTINUED

b) Fully paid ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the shares held.

The voting rights attaching to ordinary shares provide that each ordinary shareholder present in person, proxy, attorney or being a corporation present by representative at a meeting shall have:

— on a show of hands, one vote only
— on a poll, one vote for every fully paid ordinary share held

Effective 1 July 1998, the Corporations Legislation in place at that time abolished the concepts of authorised capital and par value shares.

Accordingly, the parent entity does not have authorised capital nor par value in respect of its issued shares.

c) Share buy-back pre 30 June 2010 cancelled post 30 June 2010

Shares bought back by CMH under the 2010 Buy-Back Program remained issued until they were cancelled. Share transactions are settled on T+3 terms. Once settled, the shares were transferred to CMH and, upon registration of the transfer, were immediately cancelled in accordance with the Act (generally, the next trading day). Consequently, shares bought back by CMH in the last four trading days of the 2010 year were not settled and cancelled until after the end of the financial year.

		Consolidated	
	Note	2012 $'000	2011 $'000
18. RESERVES AND RETAINED PROFITS			
a) Reserves			
Share buy back reserve		(405,864)	(405,864)
Associates' reserve		(11,987)	(11,185)
		(417,851)	(417,049)
Movements:			
Share buy-back reserve			
Balance 1 July		(405,864)	(289,111)
Purchase of shares through buy-back		—	(116,753)
Balance 30 June		(405,864)	(405,864)
Associates' reserve			
Balance 1 July		(11,185)	(6,226)
Share of movement in reserves of associates		(802)	(4,959)
Balance 30 June		(11,987)	(11,185)
b) Retained profits			
Movement in retained profits were as follows:			
Balance 1 July		691,626	684,089
Net profit/(loss) for the year		85,797	101,735
Dividends paid or provided for	5	(92,703)	(94,198)
Balance 30 June		684,720	691,626

c) Nature and purpose of reserves

Share buy-back reserve

The share buy back reserve records the costs of share buy back transactions undertaken by the Group. The reserve contains the cost of purchasing the shares as well as brokerage and associated costs.

Associates' reserve

The associates' reserve is used to capture the Group's share of the reserves of its associates. The reserves of the Group's associates are now solely in the nature of hedge reserves.

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19. COMMITMENTS AND CONTINGENCIES

a) Operating leases

The Group has entered into non-cancellable operating leases. The leases vary in contract period depending on the asset involved but generally have an average lease term of approximately 4 years (2011: 5 years). Operating leases include leases on assets including land and buildings and items of plant and equipment. Renewal terms are included in certain contracts, whereby renewal is at the option of the specific entity that holds the lease. On renewal, the terms of the leases are usually renegotiated. There are no restrictions placed upon the lessee by entering into these leases.

		Consolidated	
	Note	2012 $'000	2011 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
— Within 1 year		6,476	6,272
— Later than 1 year but not later than 5 years		21,565	27,029
— Later than 5 years		—	1,204
Total operating lease commitments		28,041	34,505
The Group has the following future rental revenues:			
Commitments for future rental revenues receivable:			
— Within 1 year		6,271	6,074
— Later than 1 year but not later than 5 years		21,555	26,815
— Later than 5 years		—	1,204
Total future rental revenues		27,826	34,093

b) Finance leases

The Group has finance leases relating to motor vehicles. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Commitments in relation to finance leases are payable as follows:			
— Within 1 year		40	39
— Later than 1 year but not later than 5 years		164	203
Minimum finance lease payments		204	242
Less future finance charges		(25)	(37)
Total finance lease liabilities		179	205
Representing lease liabilities:			
Current	15	29	24
Non-current	15	150	181
		179	205

c) Capital Commitments

In certain circumstances, CMH has committed to inject additional funding of up to HK$77.3 million (c. A$9.7 million) for further securities in SEEKAsia Limited (SEEKAsia). This commitment can only arise in the period until June 2014. Any additional funding will be in proportion with CMH's equity share in SEEKAsia (12.1%) and will be for the purpose of SEEKAsia acquiring the final 20% tranche in Jobs DB Inc.

d) Contingent liabilities

There are no contingent assets and liabilities at 30 June 2012 (2011: $nil).

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20. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Details of key management personnel

i) Directors

John Henry Alexander	Executive Chairman
James Douglas Packer	Non-Executive Deputy Chairman
Christopher Darcy Corrigan	Non-Executive Director
Rowena Danziger	Non-Executive Director
Geoffrey James Dixon	Non-Executive Director
Peter Joshua Thomas Gammell	Non-Executive Director
Ashok Jacob	Non-Executive Director
Guy Jalland	Non-Executive Director
Christopher John Mackay	Non-Executive Director
Ryan Kerry Stokes	Non-Executive Director

Mr Michael Roy Johnston acts as an alternate director to Mr James Packer, Mr Guy Jalland and Mr Ashok Jacob.

ii) Executives

Trent Whitney	Chief Financial Officer
Louise Lane	General Counsel/Company Secretary

b) Key management personnel remuneration

Consolidated and parent entity	2012 $	2011 $
Short-term employee benefits	2,803,734	2,648,114
Post-employment benefits (superannuation)	138,871	204,115
Termination	—	—
Share-based payments	—	—
Total	2,942,605	2,852,229

c) Shareholdings of key management personnel

2012 Name	Balance at 1 July 2011	Net change	Balance at 30 June 2012
Directors of Consolidated Media Holdings Limited			
John Alexander	425,500	—	425,500
James Packer	281,175,931	—	281,175,931
Rowena Danziger	22,876	—	22,876
Christopher Mackay	100	—	100
Other key management personnel of the consolidated entity			
Trent Whitney	2,000	—	2,000

Key management personnel not named in the above table held no shares at any time during the year.

CMH does not have any options on issue and no employee share plan.

2011 Name	Balance at 1 July 2010	Net change	Balance at 30 June 2011
Directors of Consolidated Media Holdings Limited			
John Alexander	425,500	—	425,500
James Packer	281,175,931	—	281,175,931
Rowena Danziger	22,876	—	22,876
Christopher Mackay	100	—	100
Other key management personnel of the consolidated entity			
Trent Whitney	2,000	—	2,000

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21. RELATED PARTY INFORMATION

a) Controlling entity
The ultimate parent entity in the Group is CMH.

b) Subsidiaries, associates and joint ventures
Interests in subsidiaries are set out in **Note 11**.

Investments in associates and joint ventures are set out in **Note 12**.

c) Key management personnel
Disclosures relating to key management personnel, including remuneration paid, are set out in **Note 20** and in the Remuneration Report.

d) Director related entities and entities with significant influence over the Group
As at 30 June 2012, the CPH Group (comprising entities related to Mr James Packer) had a relevant interest in 50.05% (2011: 50.05%) of the fully paid ordinary shares of CMH.

As at 30 June 2012, the Seven Group Holdings Limited group of entities had a relevant interest in 25.35% (2011: 24.44%) of the fully paid ordinary shares of CMH.

CMH and Crown Limited (**Crown**) share a number of common directors. As such, Crown is a director-related entity.

e) Transactions with related parties:
The continuing operations have had the following transactions with related parties:

i) Associates
Cash advances were received and distributions declared from the following associates:

	2012 $'000	2011 $'000
Advances received:		
— Foxtel	54,246	65,000
— FOX SPORTS	45,000	60,000
	99,246	125,000
Subordinated Note interest received from Foxtel	5,754	—
Total cash received from associates	105,000	125,000
Distributions declared by FOX SPORTS Australia Pty Limited were allocated as follows:		
— Foxtel	—	—
— FOX SPORTS	58,977	34,486
	58,977	34,486

ii) Director related entities
In 2012, CPH charged $0.2 million (2011: $0.2 million) for management and consulting services to the CMH Group. In addition, CPH provided car parking and other facilities at a charge of $0.1 million (2011: $0.1 million), and also recharged $0.4 million for general expenses incurred on behalf of CMH (2011: $0.6 million).

CMH and Crown jointly engaged certain legal and other advisors in relation to matters arising prior to the PBL de-merger. Costs of these advisors are shared in a manner consistent with s14 of the PBL Scheme Booklet, generally 25% CMH, 75% Crown. Similarly, payments in relation to liabilities arising prior to PBL demerger activities were also shared on the same basis.

f) Terms and conditions of transactions with related parties
Sales to and purchases from related parties are made at arm's length both at normal market prices and on normal commercial terms.

g) Outstanding balances at 30 June 2012
At 30 June 2012, $0.2 million in receivables was outstanding from Crown (2011: $0.1 million), mainly related to the recharge of advisor costs relating to pre-demerger matters.

CMH has outstanding advances of $160.4 million (2011: $120.1 million) from FOX SPORTS. These advances are non-interest bearing and will be settled by the receipt of dividends.

CMH is owed $221.6 million (2011: nil) by Foxtel in the form of a Subordinated Note. The Subordinated Note entitles CMH to a 12 percent per annum fixed return.

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22. EVENTS OCCURRING AFTER REPORTING DATE

There are no matters that have arisen since balance date that have significantly affected or may significantly affect the consolidated entity's operation in future years, results of operations in the future or state of affairs in the future.

	Consolidated	
	2012 $'000	2011 $'000
23. NOTES TO THE CASH FLOW STATEMENT		
Reconciliation of profit after income tax to net cash flow from operating activities		
Profit/(loss) for the year	85,797	101,735
Depreciation and amortisation of property, plant and equipment	179	145
Share of associates' net profit	(80,568)	(89,048)
Distributions and advances received from associates	99,246	125,000
Changes in assets and liabilities		
— (Increase) / decrease in trade and other receivables	6,367	(5,218)
— (Increase) / decrease in prepayments	842	(254)
— Decrease in interest receivable	4	1,396
— Increase / (decrease) in trade creditors and other accruals	2,961	(1,775)
— Increase in provisions	252	130
— (Increase) in unamortised facility costs	(5,165)	—
— (Increase) in deferred tax assets	(8,558)	(7,059)
— Decrease in current tax receivable	—	347
— Increase / (decrease) in current tax payable	(666)	765
Net cash inflow/(outflow) from operating activities	100,691	126,164

	Consolidated	
	2012	2011
24. REMUNERATION OF AUDITORS		
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:		
Assurance services		
1. Audit services		
Fees paid to Ernst & Young:		
— Audit and review of financial reports	105,000	102,000
Fees paid to other member firms of Ernst & Young International:		
— Audit and review of financial reports of controlled entities	—	20,821
2. Other assurance services		
Fees paid to Ernst & Young:		
— Assurance related	500	7,780
3. Taxation services		
Fees paid to Ernst & Young:		
— Tax compliance services, including review of company tax returns	1,285,623	646,936
Fees paid to other member firms of Ernst & Young International:		
— Tax compliance services, including review of company tax returns	—	115,970
	1,391,123	893,507

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25. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 and the deed of cross guarantee entered into with the parent entity, certain controlled entities of CMH have been granted relief from the Act requirements for preparation, audit and publication of accounts.

The consolidated profit and loss statement and balance sheet of the entities which are members of the "closed group" for the year ended 30 June 2012 are:

	Closed group	
	2012 $'000	2011 $'000
Consolidated income statement		
Profit/(loss) before income tax	76,553	100,895
Income tax (expense)/benefit	9,000	6,000
Net profit/(loss) after tax	85,553	106,895
Retained earnings at the beginning of the financial year	691,870	679,173
Dividends paid or provided for	(92,703)	(94,198)
Retained earnings at the end of the financial year	684,720	691,870
Consolidated balance sheet		
Current assets		
Cash and cash equivalents	85,831	82,545
Receivables	1,453	8,076
Other current assets	79	920
Total current assets	87,363	91,541
Non-current assets		
Receivables	221,558	—
Other financial assets	34,665	34,665
Investment in associates	344,674	323,532
Plant and equipment	732	507
Deferred tax assets	19,378	10,820
Total non-current assets	621,007	369,524
Total assets	708,370	461,065
Current liabilities		
Payables	163,986	129,571
Interest and non-interest bearing liabilities	29	24
Current tax payable	99	765
Provisions	658	530
Total current liabilities	164,772	130,890
Non-current liabilities		
Payables	194	—
Interest and non-interest bearing liabilities	221,331	181
Provisions	122	91
Total non-current liabilities	221,647	272
Total liabilities	386,419	131,162
Net Assets	321,951	329,903
Equity		
Contributed equity	55,082	55,082
Reserves	(417,851)	(417,049)
Retained profits	684,720	691,870
Total Equity	321,951	329,903

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26. FINANCIAL RISK MANAGEMENT

In accordance with the requirements of AASB 7 *Financial Instrument Disclosures,* the Directors have disclosed sufficient information to evaluate the significance of financial instruments on the financial position and performance of the Group as at 30 June 2012.

a) Capital management

Management's key objective in managing capital is to ensure CMH continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. In addition to this, the Board aims to maintain a capital structure that ensures the lowest cost of capital available to the Group. The Board regularly reviews the capital structure to take advantage of favourable costs of capital or high returns on assets.

During the year, CMH drew down $226.3 million under a debt facility to support Foxtel's acquisition of AUSTAR and following completion of that transaction, CMH is now in a net debt position.

CMH's dividend policy is to distribute cash from operating activities, after financing costs and debt repayment, franked to the greatest extent possible, subject to retaining appropriate cash reserves for short-term liabilities, pending debt maturities and investment opportunities.

As the market is constantly changing, the Board expects that it may change the amount of dividends to be paid to shareholders, return capital to shareholders, take on additional debt for investment opportunities, refinance existing debt or issue new shares or buy back existing shares.

b) Credit risk

The Group has no significant concentrations of credit risk. The consolidated entity's maximum exposures to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

c) Foreign exchange risk

The Group has no foreign exchange risk. All transactions are in Australian dollars. The Group's investments are exposed to foreign exchange risk and this risk is managed at that level.

d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash reserves, bank and capital market debt. At 30 June 2011 the Group did not have a significant liquidity exposure to third party creditors. At 30 June 2012, CMH had the following maturity profile on its cash and interest bearing liabilities:

	Cash $'000	Lease Liability $'000	Bank Debt $'000	Net Debt $'000
At call	85,831	—	—	85,831
< 1 year	—	(29)	—	(29)
Between 1 and 2 years	—	(30)	—	(30)
Between 2 and 3 years	—	(120)	(100,000)	(100,120)
Between 3 and 4 years	—	—	(126,346)	(126,346)
	85,831	(179)	(226,346)	(140,694)

e) Interest rate risk

CMH is exposed to interest rate risk through its cash holdings and the amounts drawn on its syndicated loan facility. CMH considers the net of these amounts to be its Net Debt position.

Management's key objective in managing interest rate risk is to ensure CMH continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

To manage interest rate risk, Management are able to take out Interest Rate Swaps up to the forecast net debt position. At 30 June 2012, no such Interest Rate Swaps had been entered into.

During the year the weighted average interest rate received on cash deposits was 5.42% (2011: 5.45%). As a sensitivity, had interest rates been 1.0% (100 bps) higher, interest revenue would have been $689,000 higher (2011: $1,110,000). Had interest rates been 1.0% (100 bps) lower, on average during the year, interest income would have been $689,000 lower (2011: $1,110,000).

During the period from drawdown to 30 June 2012, the weighted average interest rate paid on bank debt was 7.52%. As a sensitivity, had interest rates been 1.0% (100 bps) higher, interest expense would have been $490,000 higher. Had interest rates been 1.0% (100 bps) lower, on average during the period from drawdown to 30 June 2012, interest expense would have been $490,000 lower.

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In accordance with a resolution of the directors of CMH, we state that:

1. In the opinion of the directors:
   a) The financial statements and notes of CMH and the consolidated entity (the **Financial Statements**) are in accordance with the *Corporations Act 2001* (Cth) (the **Act**), including:
      — The Financial Statements give a true and fair view of CMH's and the consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date;
      — The Financial Statements comply with Accounting Standards and the *Corporations Regulations 2001*; and
      — The Financial Statements comply with International Financial Reporting Standards as disclosed in **Note 1(a)**.
   b) There are reasonable grounds to believe that CMH will be able to pay its debts as and when they become due and payable.
2. This Declaration has been made after receiving declarations required to be made to the directors in accordance with Section 295A of the Act for the financial year ending 30 June 2012.
3. As at the date of this Declaration, there are reasonable grounds to believe that the members of the Closed Group identified in **Note 25** will be able to meet any obligations or liabilities to which they become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

John Henry Alexander
Executive Chairman

Geoffrey James Dixon
Independent, non-executive director

Sydney, 21 August 2012.

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Independent auditor's report to the members of Consolidated Media Holdings Limited

Report on the financial report

We have audited the accompanying financial report of Consolidated Media Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor’s Independence Declaration, a copy of which is included by reference in the directors’ report.

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ERNST & YOUNG

Opinion

In our opinion:

a. the financial report of Consolidated Media Holdings Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 28 to 32 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Consolidated Media Holdings Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Megan Wilson

Megan Wilson
Partner
Sydney
21 August 2012

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Substantial shareholders

The following information is extracted from substantial shareholder notices received by CMH. This information is current at Friday 10 August 2012 and reflects the number of shares on substantial shareholder notices provided to CMH by the CPH Group on 8 October 2010; Seven Group Holdings Limited on 7 October 2010 and Australian Capital Equity Pty Limited on 7 October 2010.

Shareholder	Number of shares	Percentage of total shares on issue (%)
Consolidated Press Holdings group	281,175,931	50.05
Seven Group Holdings group and the ACE Group [1,2]	137,312,402	24.44

1 The ACE Group's interest in CMH arises by virtue of their relevant interest in Seven Group Holdings Limited.
2 As at 10 August 2012, Seven Group Holdings group and the ACE Group had a relevant interest in 142,397,212 shares, or 25.35 per cent of the total shares on issue.

Shareholder distribution

(i) Distribution of shareholders as at 10 August 2012.

Range	Total Holders	Number of shares	Percentage of total shares on issue (%)
1 – 1,000	18,341	8,764,108	1.56
1,001 – 5,000	7,411	16,007,539	2.85
5,001 – 10,000	754	5,514,108	0.98
10,001 – 100,000	442	9,825,729	1.75
100,001 +	47	521,723,512	92.86

(ii) Shareholders holding less than a marketable parcel: 1,124.

The 20 largest registered shareholders at 10 August 2012

	Shareholder name	Number of shares	Percentage of shares in class
1	Bareage Pty Limited	158,486,104	28.21
2	Network Investment Holdings Pty Limited	141,923,755	25.26
3	Consolidated Press Holdings Limited	107,962,067	19.22
4	JP Morgan Nominees Australia Limited	21,785,945	3.88
5	HSBC Custody Nominees (Australia) Limited	16,119,448	2.87
6	JP Morgan Nominees Australia Limited <Cash Income A/C>	14,292,816	2.54
7	Samenic Limited	11,136,925	1.98
8	National Nominees Limited	8,589,607	1.53
9	Citicorp Nominees Pty Limited	6,433,508	1.15
10	UBS Nominees Pty Ltd	4,496,380	0.80
11	RBC DEXIA Investor Services Australia Nominees Pty Limited <Pipooled A/C>	4,362,822	0.78
12	Australian United Investment Company Limited	3,000,000	0.53
13	Citicorp Nominees Pty Ltd <Colonial First State Inv A/C>	2,692,924	0.48
14	Cairnton Pty Ltd	2,069,387	0.37
15	Birketu Pty Ltd	2,000,001	0.36
16	WIN Television NSW Pty Limited	2,000,000	0.36
17	ARGO Investments Limited	1,548,203	0.28
18	Conpress Holdings Pty Limited	1,521,448	0.27
19	Goldman Sachs Australia Pty Ltd <SLF A/C>	1,349,561	0.24
20	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	1,073,596	0.19
Top 20 holders		512,844,497	91.30
Others		48,990,499	8.70
TOTAL		**561,834,996**	**100.00**

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Voting rights on ordinary shares
The voting rights attaching to the shares provided that each ordinary shareholder present in person or by proxy or attorney or being a corporation present by representative at a meeting shall have:

- On a show of hands, 1 vote only; and
- On a poll, 1 vote for every fully paid ordinary share held.

Securities exchange listing
CMH's ordinary shares are listed on the Australian Securities Exchange under the code "CMJ". The home exchange is Sydney.

Company Secretary
The Company Secretary of CMH is Mrs Louise Lane.

On-Market Buy-Back
There were no shares bought back during the year.

Securities subject to escrow
CMH does not have any securities subject to voluntary escrow on issue.

Shareholder enquiries
Shareholders may access their details online by visiting the Share Registry's website at www.computershare.com.au. For security reasons, shareholders need to enter their Securityholder Reference Number (or **SRN**) or their Holder Identification Number (or **HIN**) and postcode to access personal information. Shareholding information may be updated online.

Alternatively, shareholders may download the relevant forms and mail the completed forms to our Share Registry (or fax the forms to (+613) 9473 2500).

Shareholders with queries about their shareholding may also contact our Share Registry on 1300 850 505 (if calling from within Australia) or (+613) 9415 4000 (if from outside Australia).

Electronic shareholder communications
Shareholders who wish to receive email alerts informing them of significant announcements, dividend payment advices and the availability of reports on CMH's website (www.cmh.com.au) may either contact our Share Registry or lodge instructions online at the Share Registry's website listed above.

Change of address
Issuer sponsored shareholders should notify our Share Registry immediately in writing or by telephone if they have changed address, quoting their SRN. Changes in addresses for broker sponsored holdings should be directed to the sponsoring brokers, quoting their HIN.

Direct payments to shareholders' accounts
Dividends are paid directly to Australian resident shareholders to any bank, building society or credit union account in Australia. Payments are electronically credited on the dividend date with advisory confirmation containing payment dates mailed to shareholders. Australian resident shareholders currently receiving their dividend payments via cheque should contact our share registry as soon as possible to update their account details.

Tax File Numbers (TFN)
CMH is obliged to deduct tax at the top marginal rate plus the Medicare Levy from unfranked or partially franked dividends paid to Australian resident shareholders who have not supplied their TFN or exemption details. If you are a shareholder and wish to provide your TFN details, please contact our Share Registry.

Consolidation of multiple registered holdings
If you have multiple registered holdings that you wish to consolidate, please advise our Share Registry in writing. If your holdings are broker sponsored, please contact the sponsoring broker directly.

Directors

John Henry Alexander	Executive Chairman
James Douglas Packer	Non-executive Deputy Chairman
Christopher Darcy Corrigan	Non-executive director
Rowena Danziger	Non-executive director
Geoffrey James Dixon	Non-executive director
Peter Joshua Thomas Gammell	Non-executive director
Ashok Jacob	Non-executive director
Guy Jalland	Non-executive director
Christopher John Mackay	Non-executive director
Ryan Kerry Stokes	Non-executive director

Executives

Trent James Whitney	Chief Financial Officer
Louise Anne Mary Lane	General Counsel / Company Secretary

Registered Office

Level 2, 54 Park Street, Sydney NSW 2000

Telephone (+612) 9282 8000
Facsimile (+612) 9282 8828
Email contact@cmh.com.au

Website

www.cmh.com.au

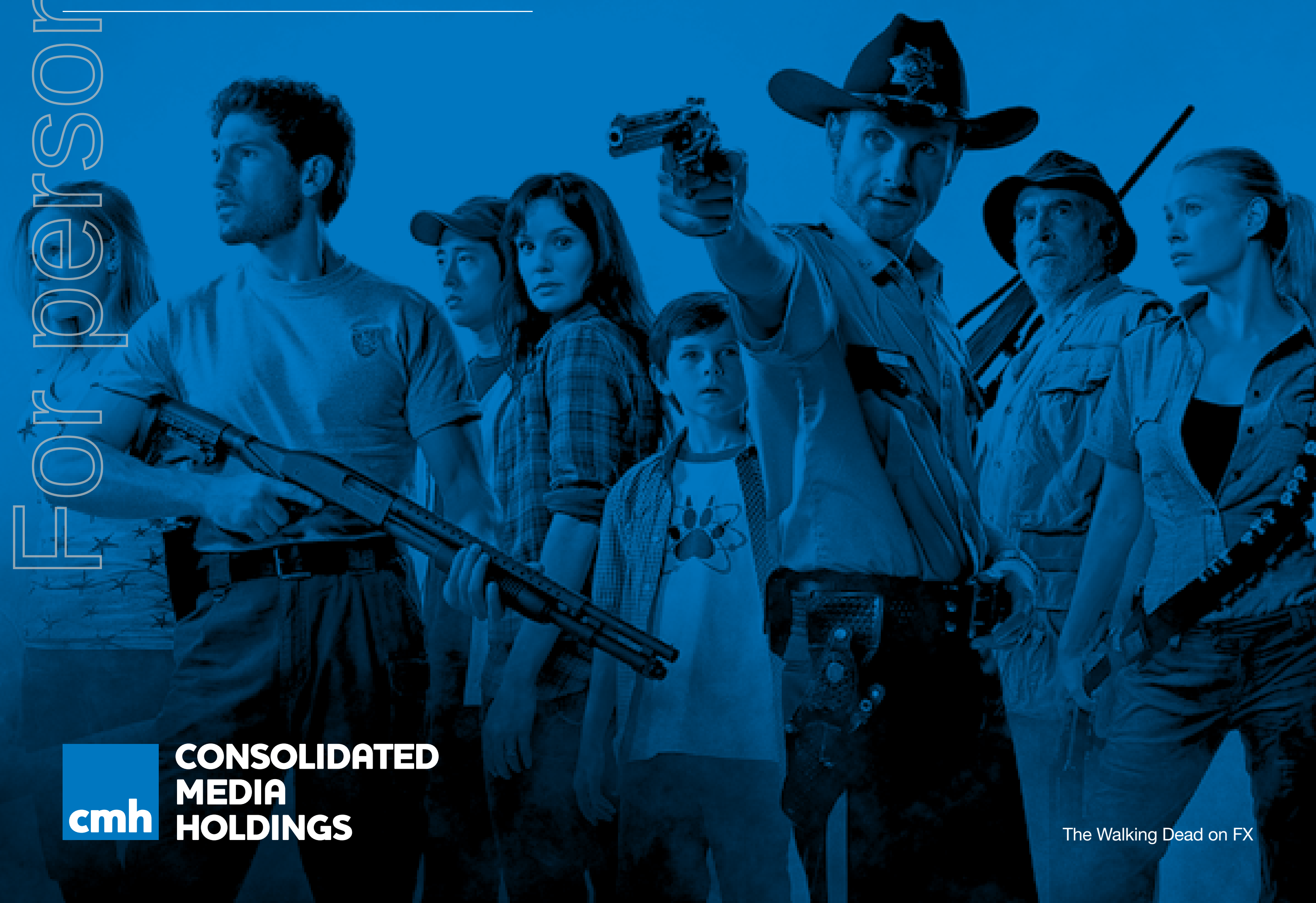
Auditor

Ernst & Young
680 George Street
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited
GPO BOX 2975
Melbourne Victoria 3001 Australia

Telephone 1300 850 505 (Australia)
(+613) 9473 4000 (from overseas)
Facsimile (+613) 9473 2500
Email web.queries@computershare.com.au
Website www.computershare.com



cmh CONSOLIDATED MEDIA HOLDINGS

The Walking Dead on FX

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