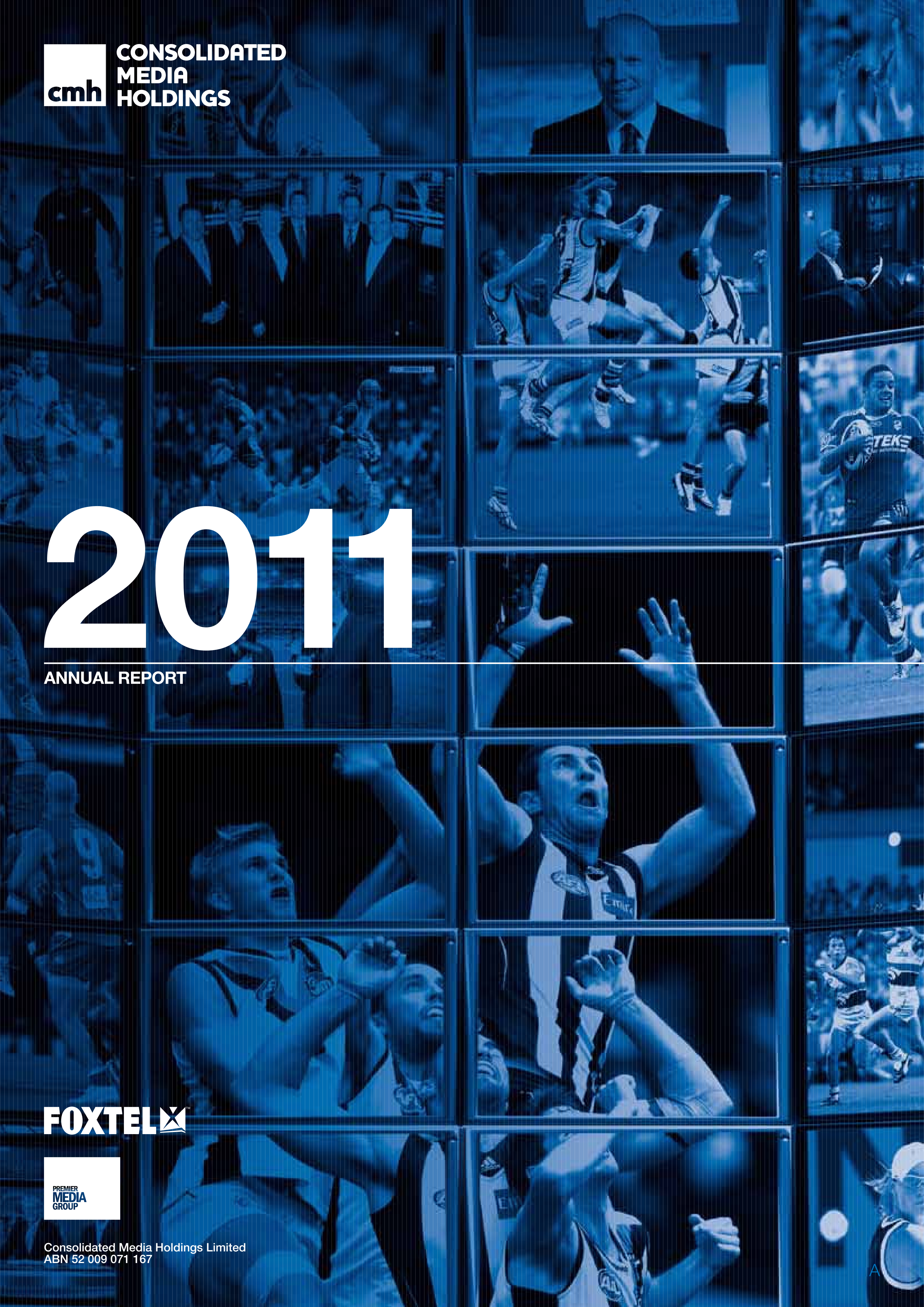

CONSOLIDATED MEDIA HOLDINGS

2011

ANNUAL REPORT

FOXTEL

PREMIER MEDIA GROUP

Consolidated Media Holdings Limited
ABN 52 009 071 167

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

Financial timeline

Shares quoted 'ex' dividend	Monday 3 October 2011
Record date for final dividend	Friday 7 October 2011
Payment of final dividend	Friday 21 October 2011

This Annual Report was authorised for issue by the directors on 22 August 2011. 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

With effect from the 2011 final dividend, 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

Operating NPAT for FY2011 improved by $5.3 million or 5.8 per cent to $94.8 million (FY2010: $89.5 million).

CMH's Reported NPAT result of $101.7 million for 2011 includes a non-recurring gain on property-related matters.

Associates

Total combined equity accounted contribution from investments: $89.0 million.

FOXTEL contributed $37.6 million to the NPAT result this year, and paid CMH $65 million in distributions.

PMG contributed $51.5 million o the NPAT result this year, and paid CMH $60 million in distributions.

FOXTEL reported an EBITDA result of $550.6 million, up 15.5 per cent on FY2010; and a PBT result of $200.0 million, up 25.8 per cent on FY2010.

PMG reported an EBITDA result of $145.9 million, down 4.9 per cent on FY2010; and a PBT result of $136.9 million, down 4.7 per cent on FY2010.

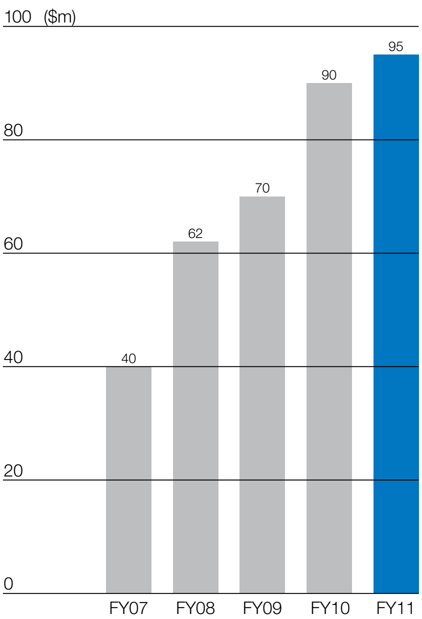
FOXTEL has agreed binding terms to acquire 100 per cent of AUSTAR (ASX:AUN) at $1.52 per share, subject to various conditions including regulatory, AUSTAR minority shareholders and Court approval.

FOXTEL via FOX SPORTS will broadcast the AFL from the 2012 season live, uninterrupted and in High Definition.

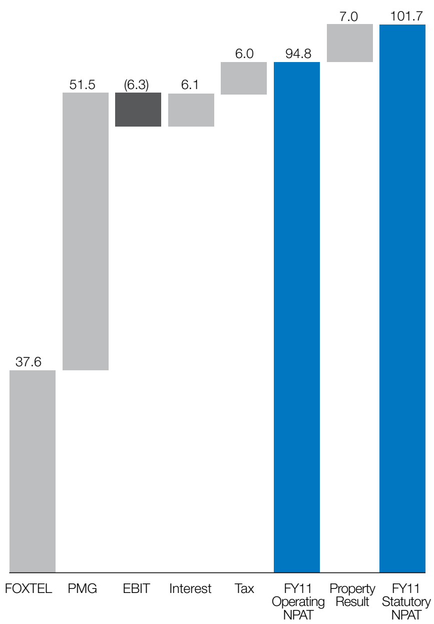
PMG continues to be the destination of Australians who love their sport – with 98 of the top 100 highest rating shows (based on average audience) on subscription television broadcast on one of the FOX SPORTS channels.

The Reds v Crusaders Super 15 final live broadcast on FOX SPORTS 3 on July 9, 2011 was the highest rating Australian subscription television program ever.

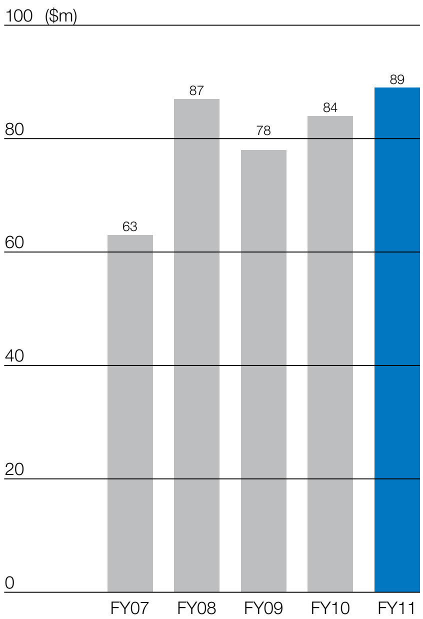
Operating NPAT



FY2011 NPAT



Equity accounted profit from FOXTEL and PMG



Earnings Per Share

The FY2011 operating earnings per share result of 16.61 cents per share reflects an improvement of 2.66 cents per share on the FY2010 result (13.95 cents per share).

Capital Management and investment activity

CMH ended the year with cash of $82.5 million.

CMH generated $6.1 million of interest on its cash reserves this year.

If the conditions are satisfied, CMH will contribute up to $225 million to FOXTEL's acquisition of AUSTAR (our share of the FOXTEL Partner contribution).

CMH acquired a 12.1 per cent stake in SEEKAsia Limited alongside SEEK Limited, Macquarie Capital and Tiger Global. SEEKAsia now has an 80 per cent investment in JobsDB Inc, one of South East Asia's leading online employment companies.

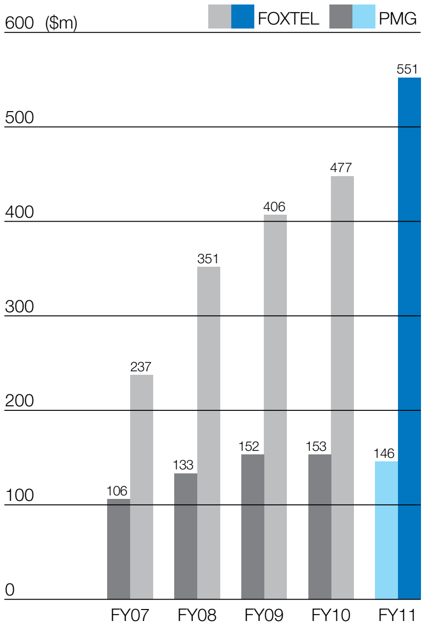
Under the shareholder-approved 2010 Buy-Back Program, CMH acquired 58,874,237 shares at a cost to CMH of $194.1 million.

Share Price and dividend

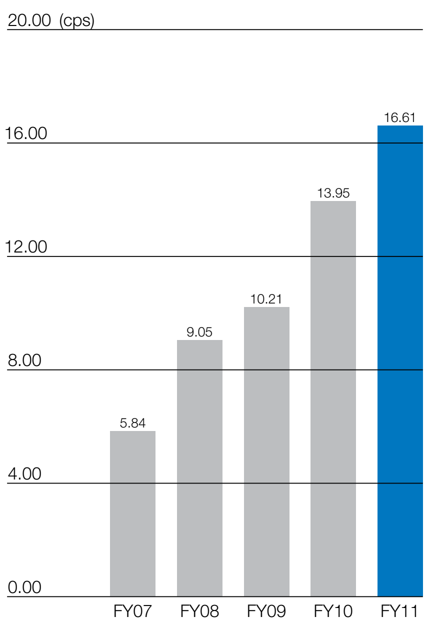
The CMH share price (ASX:CMJ) at 30 June 2011 was $2.61, down 17.9 per cent on the share price at 30 June 2010, tracking the negative trend in retail and media stocks notwithstanding CMH's limited exposure to the advertising market.

CMH has maintained its annual total dividend of 16.5 cents per share, with a final dividend of 6.0 cents per share to be paid to shareholders in October 2011.

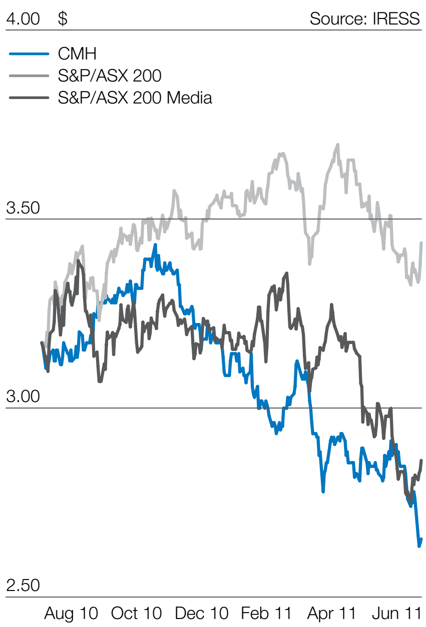
FOXTEL and PMG EBITDA



Operating EPS



Share Price Performance



EXECUTIVE CHAIRMAN'S REVIEW

CMH's Operating NPAT result of $94.8 million was up 5.8 per cent on FY2010 ($89.5 million), with directors declaring a unfranked final dividend of 6.0 cents per share.

FOXTEL's indicative proposal to acquire AUSTAR at $1.52 per AUSTAR share was announced, with binding terms agreed in July but with the deal subject to approval of various regulators, AUSTAR minority shareholders and the Court. CMH has committed to contribute up to $225 million to the transaction.

PMG continued this year to show the best offering of live sport, with FOX SPORTS having 98 of the top 100 most watched programs on subscription television in the 2010 calendar year based on average audience.

From the 2012 season, FOXTEL will showcase all AFL season games live and uninterrupted in High Definition with a dedicated Footy Channel on FOX SPORTS.

Introduction and results overview

I am pleased to report to shareholders that, in spite of the challenging retail environment, we have seen another year of solid returns at your company, with CMH's Operating NPAT – our continuing net profit after tax result excluding any non-recurring gains – reflecting an improvement of 5.8 per cent on our 2010 result to $94.8 million this year, driven by the strong ARPU performance at FOXTEL and a satisfactory performance from PMG.

Including the non-recurring gains arising this year from property-related matters, CMH reported a statutory NPAT result of $101.7 million for FY2011.

FOXTEL contributed $37.6 million to our NPAT result this year, up 25.6 per cent on the 2010 contribution of $29.9 million. This improvement largely reflects the continued trend of increasing average revenue per user – ending the year at above $97 a month, attributable to FOXTEL's existing subscribers taking on additional products and services during the year. Subscriber growth has remained subdued, with the tough retail market, declining consumer confidence and the free-to-air multi channels and IPTV continuing to have an effect on consumer willingness to subscribe.

PMG contributed $51.5 million to CMH's NPAT result this year, down 4.8 per cent on its contribution in 2010 ($54.0 million), but nevertheless a solid contribution for a business reliant on subscriber numbers and operating in a market in which acquiring and broadcasting sports rights is becoming increasingly more expensive.

Each of FOXTEL and PMG increased their cash distributions to CMH this year, with CMH receiving a total of $125 million: $65 million from FOXTEL ($25 million in 2010) and $60 million from PMG ($40 million in 2010).

CMH ended the 2011 financial year with $82.5 million in cash and will pay an unfranked final dividend of 6 cents per share to its shareholders in October 2011.

Operating earnings per share increased this year from 13.95 cents per share (in FY2010) to 16.61 cents per share.

The CMH share price unfortunately has not been immune from the volatility affecting both local and global markets. With the exception of AUSTAR (which remains subject to the FOXTEL offer), CMH's share price has generally tracked the negative trend in media and retail stocks during the financial year.

However, CMH has maintained its dividend year-on-year, with total dividends of 16.5 cents to be paid to shareholders for the 2011 financial year.

The 2011 final dividend will be unfranked. As our franking credit balance improves, we expect to pass these franking credits on to our shareholders.

The performance of our underlying investments was solid this year

FOXTEL
2011 has marked another year of solid results from FOXTEL.

Earlier this month, FOXTEL announced an EBITDA result of $550.6 million, up 15.5 per cent on the 2010 result ($476.8 million). FOXTEL's Total Revenues of $2.14 billion reflected a 6.0 per cent improvement on the 2010 result ($2.02 billion). Net profit before tax (**PBT**) of $200.0 million reflected at 25.8 per cent improvement on the 2010 result ($159.0 million).

A more fulsome discussion of FOXTEL's results follows in the Investment Review section of this Annual Report.

Operationally and strategically, it has certainly been a year of milestones for FOXTEL.

In April, FOXTEL announced that it had secured the rights for the next 5 years to the AFL. As a result, FOXTEL will screen every AFL game of every round, siren to siren, live and commercial free in High Definition. FOXTEL will screen the Finals Series on the same basis – live and commercial free, with the only exception the Grand Final (which under the anti-siphoning requirements is to be shown on free to air).

FOXTEL will bring back to its screens a dedicated AFL channel to showcase these games alongside FOX SPORTS 1, with both channels used to ensure all games can be broadcast live and uninterrupted and available to sports-tier subscribers. The dedicated AFL channel will also carry the Brownlow Medal live, as well as show memorable matches from the AFL archives and magazine shows including *On The Couch, AFL Insider, AFL 360* and others.

In May, FOXTEL announced it had agreed an indicative proposal to acquire 100 per cent of AUSTAR at a price of $1.52 per share. The bid, if successful, will result in one of Australia's largest media businesses, employing more than 2,500 Australians and with revenues of over $2.8 billion. Definitive terms were agreed in July, with the proposed merger subject to a number of conditions.

Should the conditions be satisfied, CMH will contribute up to $225 million as its share of the Partner contributions to the transaction.

PMG
2011 has been a more challenging year for Premier Media Group – with the business feeling the impact of subdued subscriber growth and higher sporting rights and broadcasting costs during the period.

PMG reported an EBITDA result of $145.9 million for the 2011 financial year, down 4.9 per cent on the result for the prior year ($153.5 million).

Total revenues, and each revenue line, were up year on year – with total revenues of $475.1 million up 6.4 per cent on FY2010 ($446.6 million). Subscription revenues of $340.3 million were up 6.5 per cent on FY2010 ($319.6 million) and net advertising revenues were up 7.0 per cent to $74.5 million (FY2010: $69.6 million).

Other revenues, which includes the revenues from the FOX SPORTS Venues and the digital business, grew 5.0 per cent to $60.2 million this year.

PMG continues to be the destination for consumers for excellent football coverage.

From the 2012 football season, FOX SPORTS will produce the new AFL channel for FOXTEL. Every game of the AFL season will be shown live, uninterrupted and in high definition, allowing consumers to watch their team play live and uninterrupted irrespective of where the consumer lives.

FOX SPORTS continues its solid relationship with rugby union, and later this calendar year will broadcast every game of the 2011 Rugby World Cup from New Zealand, live and uninterrupted. This coverage will be best-in-class, with the introduction of new technology giving consumers even better coverage of every angle of what we expect to be an excellent competition.

Investment in SEEKAsia
During the year, alongside SEEK Limited, Macquarie Capital and Tiger Global, CMH invested $34.7 million in SEEKAsia Limited – an investment company with an 80 per cent shareholding in JobsDB Inc, the operator of one of the largest employment website businesses in South East Asia.

CMH has had success investing with SEEK in the past, and we look forward to contributing as a co-investor to the ongoing success of SEEKAsia and its investments.

CMH expects to see dividends from its investment in SEEKAsia from the 2012 calendar year.

Sale of non-core assets

CMH continued the process this year of rationalising its remaining non-core assets.

To this end, CMH agreed to sell its residual unitholding, and grant an option over its residual shareholding, in the Nine Entertainment Group to Red Earth in April 2011.

In the event Red Earth determines to exercise its option, this will mark the end of CMH's existing investment in the Nine Entertainment Group.

Also this year, CMH agreed with the property owner at 54 Park Street Sydney to cease providing property services in consideration for the payment of a non-recurring fee of $7.5 million, with the first tranche of $3.75 million received by CMH in early July and the second tranche of the same amount to be received by CMH on or before December 31.

Capital management initiatives

This year, we received a total of $125 million in cash distributions from our underlying investments. CMH has been conscious to ensure that its head office costs remain low so these funds can be distributed to shareholders.

With the approval of shareholders in May 2010, we implemented the 2010 Buy-Back Program in the first half of this financial year, acquiring more than 58.8 million shares at a cost of $194.1 million between June and December 2010.

CMH has committed to fund up to $225 million to the proposed AUSTAR transaction, with our funding underwritten by ANZ and BNP Paribas. This transaction remains subject to a number of conditions, including regulatory approval.

Looking ahead

The short-term consumer confidence and global economic instability will provide challenges for the retail environment, to which FOXTEL and PMG (and consequently, CMH) are not immune.

However, FOXTEL and PMG have continued to demonstrate growth characteristics, with continued product innovation resonating with their customers.

As I mentioned earlier in this Review, our announcement in July in respect of FOXTEL's proposal to acquire AUSTAR is a positive step for FOXTEL and has the support of CMH.

John Alexander
Executive Chairman
August 22, 2011

CMH has a 25 per cent investment in FOXTEL, alongside its partners Telstra (with 50 per cent) and News (with 25 per cent).

FOXTEL

CMH's investment in FOXTEL

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. In the 2011 financial year, FOXTEL contributed $37.6 million to CMH's net profit after tax result, up $7.7 million on the 2010 financial year ($29.9 million).

In addition, CMH received cash distributions from FOXTEL during the year totaling $65 million, $40 million more than the 2010 financial year ($25 million).

CMH's investment in FOXTEL is reflected on the company's balance sheet, where it is equity accounted based on its historical cost in accordance with the Accounting Standards. In the event the FOXTEL/AUSTAR merger proceeds, CMH has committed to make a capital contribution of up to $225 million (being its pro-rata share of the FOXTEL Partner contributions) to the proposed transaction. The proposed transaction and what it means for FOXTEL and for CMH are detailed further over.

An overview of the FOXTEL business

FOXTEL is Australia's leading subscription television service, available to approximately 70 per cent of Australian homes in the metropolitan area, and with more than 1.65 million subscribing households.

FOXTEL is available in the home through its traditional, iQ and iQHD set-top units; via the internet through its FOXTEL Download service; on the Microsoft Xbox 360 console; on the Virgin Blue jet fleet and via the Telstra T-Box.

At the date of this report, FOXTEL offers a combined total of more than 200 channels to its subscribing households. Of these channels, more than 40 are Australian owned or based, and 8 channels and FOXTEL's On Demand service are owned and operated by FOXTEL: FOX8 (SD and HD), The History Channel, The Comedy Channel, CI, W (SD and HD), Bio, FOX Classics, 111Hits and FOXTEL On Demand. These channels and the On Demand service each have content agreements in place with major studios and producers.

FOXTEL has a 50 per cent investment in XYZNetworks, which produces and/or distributes 12 subscription television channels including Arena, Lifestyle, Lifestyle You, Lifestyle FOOD, Lifestyle Home, Channel [V] and VHits, MAX, Country Music Channel, The Discovery Channel, The Weather Channel and Nickelodeon. FOXTEL also has an interest in Main Event Television Pty Limited.

FOXTEL continues to be a major investor in Australian content. FOXTEL invested more than $540 million on Australian content in the 2011 financial year.

INVESTMENT REVIEW

FOXTEL's financial performance

For the year ended 30 June 2011, FOXTEL reported an EBITDA result of $550.6 million, up 15.5 per cent on the result for the prior year ($476.8 million).

FOXTEL's EBITDA was solid for the year notwithstanding the tough retail environment, with subscriber numbers relatively flat year on year, ending the year at 1.652 million (FY2010: 1.632 million), with the improved EBITDA result a reflection of the drive by FOXTEL to continue to differentiate and innovate its offering from its competitors.

Profit before tax improved to $200.0 million for the year, up 25.8 per cent on the previous year's result ($159.0 million).

FOXTEL is leveraged at 1.3x EBITDA (down from 1.5x EBITDA in FY2010 and 1.8x EBITDA in FY2009).

Subscription revenues of $1.81 billion this year reflected a 6.0 per cent increase on subscription revenues in FY2010 ($1.71 billion). Average revenue per user ended the year at $97.55, reflecting the continued uptake by existing and new subscribers of the MultiRoom, iQ, iQHD and High Definition services, with 73 per cent of FOXTEL households (or more than 1.1 million homes) having elected to receive the iQ box at the end of the financial year.

Other revenues – including advertising revenues which comprise only a small part of FOXTEL's total revenues – increased this year to $0.33 billion, up 5.6 per cent on FY2010 ($0.32 billion).

The rate of churn this year of 12.5 per cent reflected a 1 percentage point improvement on the churn rate in FY2010 (13.5 per cent).

The proposed AUSTAR transaction

In May 2011, FOXTEL announced that it had provided AUSTAR with an indicative proposal to acquire 100 per cent of the issued shares in AUSTAR for $1.52 per share, with the transaction subject to a ruling from the IRS in the United States and the approval of the ACCC, the Foreign Investment Review Board, AUSTAR's shareholders and the Court.

Following an extensive due diligence process, FOXTEL and AUSTAR agreed definitive transaction documents in respect to the indicative proposal on 11 July 2011.

Should the conditions precedent to the transaction be satisfied, it is expected that each of the FOXTEL partners will provide their contribution to FOXTEL to facilitate FOXTEL's participation in the transaction. CMH has agreed to provide an amount of up to $225 million, with this amount fully underwritten by CMH's bankers ANZ and BNP Paribas.

A merged FOXTEL and AUSTAR would create one of Australia's largest media businesses, with more than 2,500 employees and anticipated revenues of over $2.8 billion.

FOXTEL's coverage of sport

AFL rights

In April 2011, FOXTEL announced that it had secured the AFL rights for the next 5 years. As a result, FOXTEL will screen every AFL game of every round, siren to siren, live, commercial-free and in High Definition. FOXTEL will screen the Final Series (with the exception of the Grand Final) on the same basis – live and commercial-free.

FOXTEL will bring back to its screens a dedicated AFL channel to showcase these games alongside FOX SPORTS 1, ensuring all games will be broadcast live and uninterrupted to sports-tier subscribers. The dedicated AFL channel will also carry the Brownlow Medal live and will show memorable matches from the AFL archives and magazine shows including *On The Couch, AFL Insider, AFL 360* and others.

Live broadcasting of Australian sport

FOXTEL's original and local content includes broadcasting live events such as the A League, Super Rugby and the ICC Cricket World Cup as well as every match of the NRL.

The London Olympics in 2012

In just under a year, FOXTEL will broadcast in High Definition the London 2012 Olympics 24 hours per day, 7 days a week for the duration of the games.

FOXTEL will broadcast all sports, including swimming, synchronised swimming, diving, water polo, track, field, cycling, gymnastics, equestrian, fencing, table tennis, rowing, sailing, volleyball, football, hockey, weightlifting, archery, boxing, tennis, canoeing, wrestling and basketball.

The London Olympic Games will be hosted and presented from FOXTEL's London studios inside Olympic Park and will be broadcast across 8 new dedicated High Definition Channels, with:

- All sessions of major sports shown live;
- All sports and matches of Australians and Australian teams shown live; and
- All Australian medals shown live.

Quality programming

FOXTEL continues to offer top quality exclusive programs across its suite of channels that cover a wide range of genres including news, sport, entertainment, documentaries, lifestyle, movies and kids programming.

Designated news channels such as Sky News, CNN and FOX NEWS provide 24 hour a day coverage from Australia and around the world and premium sports channels FOX SPORTS, ESPN and Eurosport have sporting events covered all year round.

The FOXTEL offering also includes worldwide channel brands such as Discovery, E!, MTV, Nickelodeon, Disney, Nat Geo, BBC, Universal and Showtime, as well as locally developed channels FOX 8, Arena, The History Channel, The LifeStyle Channel, TV1, Movie One, showcase and The Comedy Channel.

This year, FOXTEL broadcast some of the most popular and talked about shows on Australian television including local productions *Australia's Next Top Model*, *Selling Houses Australia*, *Tangle*, *Spirited* and *Tim Winton's Cloudstreet* as well as international acquisitions including *Mad Men*, *True Blood*, *Gossip Girl*, *Deadliest Catch* and *American Idol.*

FOXTEL On-Demand – a library of Television and movies for subscribers

FOXTEL introduced its *On Demand* product during the year, enabling its subscribers to gain access to a wide range of television and movie content through the customer's iQ set top unit.

The new service, accessible by more than 900,000 homes, gives subscribers greater choice and control over their television viewing, and provides an evolving video store with hundreds of movies and television shows to choose from.

FOXTEL on T-Box and the Microsoft Xbox 360 console

In June 2011, FOXTEL announced that Telstra T-Box customers in metropolitan areas will have access to up to 30 FOXTEL channels, with a selection of Catch-Up TV channels including FOX8, Discovery and Movie One.

In addition, up to 30 channels are now available on the Microsoft Xbox 360 console via Xbox Live.

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.

In respect of FOXTEL's community works, this year FOXTEL has focused upon:

- Reducing standby energy consumption by nearly 20 per cent in iQ series set top boxes and avoiding over 200 tonnes of carbon emissions through activation of the auto standby feature in all new and refurbished set top boxes.
- Raising over $600,000 for the Murdoch Childrens Research Institute through the FOXTEL Lap corporate treadmill challenge.
- Providing children and families with access to FOXTEL in children's wards and hospitals throughout Australia.
- Improving the lives of young disadvantaged Australians through FOXTEL's Street TV, an 8 week film and television production course.
- Helping to foster potential in individuals as well as start up capital for exciting new projects of cultural significance through a partnership with The Walkley Foundation, The Australian Writers' Guild and AFTRS.
- Supporting Indigenous Australians and Australian history through such actions as broadcasting the National Indigenous Television Channel (NITV) to all FOXTEL subscribers, employing Indigenous Australians and broadcasting across all major channels the FOXTEL made *Who We Are* series, which showcased prodigious Indigenous performance and musical talent.

In 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 48 per cent of its total workforce and 40 per cent of the senior leadership team.

CMH has a 50 per cent investment in Premier Media Group alongside its partner News.

INVESTMENT REVIEW

CMH's investment in PMG

CMH has a 50 per cent investment in Premier Media Group alongside its partner News.

As CMH equity accounts for its investment in PMG, PMG contributed $51.5 million to CMH's net profit after tax result, a decline on last year's result (FY2010: $54.0 million).

CMH received cash distributions from PMG during the year totalling $60 million, up $20 million on the 2010 financial year ($40 million).

An overview of the PMG business

PMG, more commonly referred to as FOX SPORTS, is one of Australia's leading sports broadcasters, delivering on average 23 hours of live sport per day across the FOX SPORTS channels in standard and high definition. FOX SPORTS broadcasts Australia's favourite local sports, as well as popular international competitions.

This year, FOX SPORTS accounted for 97 of the Top 100 programs on subscription television based on reach. The highest reaching program on FOX SPORTS during the year was the first session of the 2011 ICC Cricket World Cup Quarter Final between Australia and India in March, with 1,171,000 viewers.

Based on average audience, FOX SPORTS accounted for 98 of the Top 100 programs on subscription television this year. The 2011 Super Rugby Final between the Queensland Reds and Crusaders delivered the first average audience in excess of 500,000 for Australian subscription television with 531,000 viewers. This surpassed the Australian average audience record of 431,000 in April 2009 for the World Cup Qualifier match between the Socceroos and Uzbekistan.

In addition to the FOX SPORTS channels, PMG owns and operates FUEL TV, Australia's only 24-hour channel dedicated to action sports. FUEL TV broadcasts the Ultimate Fighting Championship, live ASP World Tour surfing events, skateboarding, BMX, freestyle motocross and snowboarding events.

PMG also owns the www.foxsports.com.au website, one of Australia's leading general sports websites, which provides up-to-the-minute details and expert commentary on all the major Australian and international sports, with video streaming, news reports and stats as well as Fantasy and tipping competitions.

INVESTMENT REVIEW

PMG's financial performance

PMG's 2011 financial performance was impacted by slower subscriber growth at FOXTEL and AUSTAR and the increased costs attributable to quality sports programming this year.

For the year ended 30 June 2011, PMG reported an EBITDA result of $145.9 million, down 4.9 per cent on the result for the prior year ($153.5 million).

Total revenues of $475.1 million were up $28.5 million this year (FY2010: $446.6 million), with each revenue stream reflecting improvements on the prior period – with subscription revenues up 6.5 per cent to $340.3 million (FY2010: $319.6 million) and net advertising revenues up 7.0 per cent to $74.5 million (FY2010: $69.6 million). Other revenues of $60.2 million, which includes the revenues from the FOX SPORTS Venues and the FOX SPORTS Digital business, grew 5.0 per cent this year.

Total operating expenses of $329.2 million increased 12.3 per cent on FY2010 ($293.1 million), reflecting the increasing cost of maintaining the very best portfolio of sports programming and PMG ensuring the broadcast of these sports remains first class.

The profit before tax result of $136.9 million for the year was down 4.7 per cent on last year's result ($143.6 million).

PMG does not have any external debt.

PMG initiatives

Football coverage on FOX SPORTS getting better year on year

Every match of the 4 major domestic football codes in Australia – AFL, NRL, A-League Football and Super Rugby – was broadcast on FOX SPORTS during the year.

In addition, this year PMG was appointed by FOXTEL to produce a dedicated AFL channel for the 2012 – 2016 seasons and later this year FOX SPORTS will broadcast, in high definition, live and uninterrupted during play, every match of the 2011 Rugby World Cup from New Zealand.

AFL

With effect from the 2012 AFL season, PMG will produce a dedicated AFL channel which will broadcast every AFL Premiership game live and uninterrupted from siren to siren, with any overflow broadcast on FOX SPORTS 1 to ensure every game is broadcast live and in full.

This will give AFL fans across Australia unparalleled access to their team's games irrespective of their home State, live, in High Definition and with no ad breaks during play.

SUPER 15 Rugby, Tri Nations, Bledisloe Cup and the 2011 Rugby World Cup

FOX SPORTS has been the exclusive live broadcaster of Super Rugby since its inception in 1996 and remains a committed supporter of rugby union in Australia.

2011 will be an excellent year for rugby fans as FOX SPORTS broadcasts every match live of the Tri Nations series, Bledisloe Cup and the 2011 Rugby World Cup from New Zealand.

During the Rugby World World Cup, FOX SPORTS 3 and FOX SPORTS 3 HD will be converted into dedicated Rugby channels, broadcasting rugby union 24 hours a day, 7 days a week.

All matches will be broadcast live, uninterrupted during play and in high definition to Australian rugby fans. FOX SPORTS, in conjunction with FOXTEL, will be complementing its coverage of these games with both mobile and online coverage.

Australian Open Tennis
The Australian Open tennis tournament returned to FOX SPORTS in 2011 with extensive live coverage of all televised court matches (except Rod Laver Arena) between Day 1 and Day 8, including via the FOX SPORTS ACTIVE application as well as replays of all Rod Laver Arena matches and the finals matches.

The launch of the new SPEED Channel
SPEED was launched by PMG in November 2010 in standard and high definition and has been well received by subscribers, offering motor sports coverage 24 hours a day, 7 days a week.

SPEED covers a number of motor sports including NASCAR, the Superbike World Championship, the British Elite Speedway and FIM Speedway World Championship, Super X, the GT1 World Championship, Rolex Sports Cars and prime-time replays from the V8 Supercars, the Dakar Rally, Formula 2 and the World Series Sprint cars.

FOX SPORTS Play
In November 2010, PMG launched FOX SPORTS PLAY, a made-for-IPTV channel which contains selected FOX SPORTS content and is distributed together with FOX SPORTS NEWS and FUEL TV to Xbox Live customers who opt to subscribe to the FOXTEL Xbox service. A similar offering was also launched this year as part of the FOXTEL T-Box service available from Telstra.

FOX SPORTS ongoing attention to innovation and new technology
FOX SPORTS, in conjunction with FOXTEL, continued to lead 3D coverage of selected sporting telecasts this year including the mens' and womens' finals of the US Open tennis in September, the third and final rounds of the USPGA 2011 in January and the final 2 hours of play from each round of the 2011 US Masters in April 2011.

PMG also continues to generate sports content for distribution across a range of digital media platforms. Highlights this year include FOX SPORTS NEWS being one of the foundation channels for the FetchTV IPTV platform and the FOX SPORTS IPTV offering of Super Rugby and French Open tennis on the LG Smart TV application, with US Open tennis also to be made available on this platform later this year.

PMG also launched the FOX SPORTS VIEW iPad application in January which provides access to an extensive library of video highlights and news reports as well as live streaming of the FOX SPORTS NEWS channel.

PMG, its workforce and the community

In October 2010, FOX SPORTS launched a live captioning service to assist hearing impaired viewers across a range of its live locally produced broadcasts of Australian sports competitions including NRL, AFL, A-League Football, Super Rugby, the National One Day Cup and KFC Twenty20 Big Bash as well as its most popular magazine shows such as NRL on FOX and The Rugby Club.

PMG's community program, on-air care, also continued over the past year with a particular highlight being the production and broadcast of the "Triple M Legends of Origin" match, in which the Queensland and NSW sides battled it out for the Jordan Rice Shield to raise money for the QLD Premier's Flood Relief fund.

In June this year, construction commenced on a brand new purpose built facility for PMG's Sydney headquarters at Gore Hill which is expected to be completed in late 2012. Plans for relocation from Pyrmont are well underway and the new centre will be fully operational from early 2013 providing PMG with a state of the art energy efficient broadcast facility and an invigorating working environment for staff.

PMG has a diversity policy and supports the employment of women in its workforce, with 20 per cent of its senior executive team and 24 per cent of its senior managers female.

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 purposes 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 noted 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.

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.

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 at 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.

Independent	Term of Office [1]
Christopher Corrigan *Non-executive director*	5 years 5 months *(appointed 8 March 2006)*
Rowena Danziger *Non-executive director*	13 years 11 months *(appointed 17 September 1997)*
Geoffrey Dixon *Non-executive director*	5 years 3 months *(appointed 31 May 2006)*
Christopher Mackay *Non-executive director*	5 years 5 months *(appointed 8 March 2006)*

Non-Independent	Term of Office [1]
Executive	
John Alexander *Executive Chairman*	11 years 8 months *(appointed 16 December 1999)*
Nominee or executive of a substantial shareholder	
James Packer *Non-executive Deputy Chairman*	19 years 4 months *(appointed 28 April 1992)*
Peter Gammell *Non-executive director*	1 year 11 months *(appointed 10 September 2009)*
Ashok Jacob *Non-executive director*	1 year 11 months *(appointed 10 September 2009)*
Guy Jalland *Non-executive director*	2 years 4 months *(appointed 8 April 2009)*
Ryan Stokes *Non-executive director*	1 year 11 months *(appointed 10 September 2009)*

1 to the nearest full month/year as at 22 August 2011

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 a nominee 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 adviser 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; and
  - 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 advisers 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.

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, 3 CPH-nominated non-executive directors and 2 Seven-nominated 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 to 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.

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.

The Remuneration Committee will receive direct advice 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.

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 will establish measurable objectives for achieving gender diversity in accordance with the Gender Diversity Policy and report progress towards achieving them on and from the 2012 Annual Report.

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. This Charter was last reviewed by the Board on 22 August 2011. 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.

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 considers annually any non-audit services provided by the external auditor 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. The current audit partner Mr Doug Bain will rotate in the 2012 financial year under Ernst & Young's rotation policy.

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.

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.

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 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 2011 financial year comply with the Accounting Standards;
- The financial statements and notes for the 2011 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 2011 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 2011, 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 Mr Geoffrey Dixon, an independent non-executive director, its second member. 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 2 non-executive directors (with 1 independent) 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 2011 (**FY2011**).

Directors

The name of each person who has been a director of CMH during FY2011 and at the date of this Report, each director's relevant appointment date, the date he or she will stand for re-election as a director and his or her 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	This year's AGM	425,500	0.08
James Douglas Packer	28 April 1992	2013 AGM	281,175,931	50.05
Christopher Darcy Corrigan	8 March 2006	2012 AGM	—	—
Rowena Danziger	17 September 1997	2013 AGM	22,876	<0.01
Geoffrey James Dixon	31 May 2006	This year's AGM	—	—
Peter Joshua Thomas Gammell	10 September 2009	2012 AGM	—	—
Ashok Jacob	10 September 2009	2012 AGM	—	—
Guy Jalland	8 April 2009	2012 AGM	—	—
Christopher John Mackay	8 March 2006	2012 AGM	100	<0.01
Ryan Kerry Stokes	10 September 2009	2012 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 Ashok 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 resigned from the Board this year.

Qualifications, experience, special responsibilities and public company directorships

A summary of each director and company secretary's qualifications, experience, special responsibilities and directorships of other public companies follows.

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 group 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 Group Limited, FOXTEL Management Pty Limited, Premier Media Group Pty Limited (FOX SPORTS) and SEEKAsia 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. CPH is a 43% shareholder in ASX listed Crown Limited, owner of Crown Melbourne, Burswood Casino, and an investor in casinos in Macau, and CPH is a 50% shareholder in ASX listed Consolidated Media Holdings Limited, owner of interests in FOXTEL and FOX SPORTS. Mr Packer is Executive Chairman of Crown.

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

Christopher Darcy Corrigan BEc

Independent, non-executive director

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

Mr Corrigan was Managing director of Patrick Corporation Limited, Australia's largest stevedore company with interests in rail transportation and aviation from March 1990 to May 2006. 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 for the Asia-Pacific region.

Mr Corrigan sponsored the formation of a development capital business of $220 million known as Jamison Equity in 1990, which became a wholly-owned subsidiary, in December 1996, of the then publicly-listed company Patrick Corporation Limited.

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

- Crown Limited – from 6 July 2007
- 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.

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 a member of the Board Remuneration sub-committee.

Mr Dixon was the Chief Executive Officer of Qantas Airways Limited until November 2008. Mr Dixon joined Qantas in 1994 and had responsibility at the airline for all commercial activities. Before joining Qantas, Mr Dixon was director of Marketing and Industry Sales at Ansett Australia Airlines and General Manager Marketing and Corporate Affairs at Australian Airlines.

Mr Dixon is Chairman of the Garvan Research Foundation, Tourism Australia and the Queensland (Australia) Major Events Corporation. Mr Dixon also sits on the boards of publicly listed companies Crown Limited and Facilitate Digital Holdings Limited, as well as the boards of the Great Barrier Reef Foundation and the Museum of Contemporary Art. Prior to his career in the airline industry, Mr Dixon worked for an arm of the Australian Government Overseas Service in Australia and on postings to Australian Missions in The Hague, New York and San Francisco. He has also worked in the mining and media sectors.

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

- Crown Limited – from 6 July 2007
- Qantas Airways Limited – from 1 August 2000 to 28 November 2008
- Facilitate Digital Holdings Limited – from 9 July 2009
- Jetset Travelworld Limited – from 17 July 2008 to 15 September 2008

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 19 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).

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, Premier Media Group Pty Limited (FOX SPORTS) 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 (Hons) FFin
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. He is also the Chief Investment Officer of Magellan Asset Management 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 an executive director of Seven Group Holdings Limited, Seven Media Group (since December 2006) and is a director of Yahoo!7. He is an alternate director of Seven West Media Limited (formerly West Australian Newspapers Holdings Limited) and Chairman of Vividwireless and former Chairman of Pacific Magazines.

Mr Stokes is also CEO of Australian Capital Equity Pty Limited (**ACE**), director of Westrac Pty Limited and is responsible for other ACE investments in China.

Mr Stokes holds a Bachelor of Commerce from Curtin University and has previous experience in international investment banking. He is 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
- 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]

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).

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 19 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
- Ellerston Capital Limited – from 6 August 2004

Officers

The name of each person who has been an officer of CMH during FY2011 and at the date of this Report, each officer's relevant appointment date 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

Ms 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. Ms Lane became General Counsel in 2009. Prior to her employment with PBL, Ms Lane was employed in the regional compliance and legal teams of American Express.

Attendance at Board Meetings

The directors met together on 4 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	Eligible to Attend
John Henry Alexander	4	4	4
James Douglas Packer	4	4	4
Christopher Darcy Corrigan	4	4	4
Rowena Danziger	4	4	4
Geoffrey James Dixon	4	4	4
Peter Joshua Thomas Gammell	4	4	4
Ashok Jacob	4	4	4
Guy Jalland	4	3	4
Christopher John Mackay	4	4	4
Ryan Kerry Stokes	4	4	4

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 4 meetings of the Board this year, 5 circular resolutions were approved by the directors and a separate FOXTEL transaction committee met on an as-needed basis in respect of the AUSTAR Indicative Proposal.

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 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)	2	2	2
Geoffrey James Dixon	2	2	2

Dividends

On 22 August 2011, the directors of CMH declared an unfranked final dividend on ordinary shares of 6 cents per ordinary share, payable on Friday 21 October 2011 to shareholders registered at the record date, being 5pm Friday 7 October 2011. This dividend will be paid to Australian shareholders by direct credit.

There was no conduit foreign income component of the dividend.

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

	'000
Final dividend declared (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 2011)	$58,993
Final dividend for FY2010: On ordinary shares (paid in October 2010)	$35,205

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

The principal activities of the entities within the consolidated entity during the year were its investments in subscription television, with CMH holding a 25 per cent interest in FOXTEL, Australia's leading subscription television provider, and a 50 per cent shareholding in Premier Media Group Pty Limited (**PMG**), a leading producer of subscription television channels.

On 26 May 2011, CMH announced that FOXTEL had provided AUSTAR United Holdings Limited (ASX Code: AUN) (**AUSTAR**) with an Indicative Proposal to acquire 100 per cent of the issued shares in AUSTAR. Following a due diligence process, on 11 July 2011 CMH announced that FOXTEL had entered into definitive agreements with AUSTAR and Liberty Global to acquire all of the issued shares in AUSTAR (the **Transaction**). The Transaction remains subject to a number of approvals including from the Foreign Investment Review Board, ACCC, AUSTAR minority shareholders and the Court. The Transaction will be funded by a combination of FOXTEL bank debt and shareholder debt in the form of subordinated shareholder notes.

Subject to the conditions to the Transaction being satisfied, CMH has agreed to contribute an amount of up to $225 million to the Transaction, to be funded through an unsecured, syndicated loan facility underwritten by its financiers ANZ and BNP Paribas. The final amount will be determined following the satisfaction of the conditions precedent.

Other activities and changes to the state of the company's affairs during the year in relation to these other activities

SEEKAsia and its investment in JobsDB Inc

During the 2011 financial year, CMH acquired a 12.1 per cent interest in SEEKAsia Limited (**SEEKAsia**) alongside SEEK Limited, Macquarie Capital and Tiger Global (collectively, the **co-investors**). SEEKAsia Limited is the investment vehicle of the co-investors for their Asia investments, currently an 80 per cent holding in JobsDB Inc, a leading online employment company with operations spanning South East Asia.

CMH has invested a total of $34.7 million in SEEKAsia and expects to receive dividends from its investment commencing from calendar 2012.

The Nine Entertainment Group

During the 2011 financial year, CMH disposed of its 0.07 per cent unitholding in the Nine Entertainment Group Trust and granted an option over its 0.07 per cent shareholding in the Nine Entertainment Group to the group's majority share and unitholder, Red Earth Holdings B.V (**Red Earth**). The consideration received for the sale of the units and for the grant of the option was of an immaterial amount.

The option must be exercised by Red Earth by April 2012. If exercised, CMH will have disposed all of its existing interest in the Nine Entertainment Group.

2010 Share Buy-Back

CMH implemented the shareholder-approved 2010 Buy-Back Program during the first half of the 2011 financial year, buying back 58,874,237 shares at a total price of $194.1 million. At the date of this Report, CMH has 561,834,996 shares on issue.

Review of operations

For the year ended 30 June 2011, CMH reported an operating NPAT result of $94.8 million, reflecting a 5.8 per cent improvement of $5.3 million on the 2010 operating NPAT result ($89.5 million).

This result comprises a strong equity accounted contribution from each of FOXTEL and PMG (detailed in the next column) and net interest revenue of $6.1 million.

The statutory result of $101.7 million includes gains arising from CMH agreeing to settle with SPP No. 3 (Elizabeth Street) Pty Limited (a fund managed by AMP Capital Investors) the property services arrangements put in place at the time of selling the Park Street investment property.

CMH's NPAT result for the year was driven by the solid results of the company's underlying investments in FOXTEL and PMG.

FOXTEL released its results on 11 August 2011, in which it announced EBITDA of $550.6 million, up 15.5 per cent on the 2010 result ($476.8 million) and PBT of $200.0 million, up 25.8 per cent on the 2010 result ($159.0 million). FOXTEL contributed $37.6 million to the CMH NPAT result, up $7.7 million on its 2010 contribution ($29.9 million).

FOXTEL paid $65.0 million of cash distributions to CMH this year.

PMG's results for the financial year were down on its results for the 2010 financial year. PMG's EBITDA of $145.9 million was 4.9 per cent down on the 2010 result ($153.5 million). PMG's PBT result for the year was $136.9 million, which was down on the 2010 result ($143.6 million). PMG contributed $51.5 million to CMH's NPAT result, down on its 2010 contribution ($54.0 million).

PMG paid $60.0 million in cash distributions to CMH this year.

A more comprehensive summary of the results of FOXTEL and PMG 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

With the exception of the announced Transaction discussed earlier in this Directors' Report, there have been no significant changes to CMH's state of affairs since 30 June 2011.

Likely developments and expected results

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 Mr Douglas Bain.

The directors have received the Auditor's Independence Declaration, a copy of which is included at page 27 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 matters in respect of the financial years ending on or prior to 30 June 2007, which at the time of the demerger of PBL, Crown and CMH 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 6.3:1. This ratio reflects that:

- 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, 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 25** 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.

The directors are satisfied that the remuneration recommendation of Mr John Egan during the year in respect of Mr Trent Whitney's base salary was made free from undue influence by Mr Whitney and management.

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, Monday 22 August 2011.

John Henry Alexander
Executive Chairman

Geoffrey James Dixon
Independent, non-executive director

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

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

In relation to our audit of the financial report of Consolidated Media Holdings for the financial year ended 30 June 2011, 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

Douglas Bain
Partner
22 August 2011

Liability limited by a scheme approved under Professional Standards Legislation

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 and employs 3 executives at its corporate head office, with 3 clerical staff.

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

Director	Title
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

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 herein does not differ materially from the 2010 Remuneration Report, which was approved by 99.8 per cent of shares voting at the 2010 Annual General Meeting.

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 Remuneration 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 $5,000 to benchmark and make recommendations in respect of the base salary of the Chief Financial Officer, Mr Trent Whitney.

Mr James Packer, CMH's non-executive Deputy Chairman and Mr Geoffrey Dixon, an independent non-executive director, 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 at page 29.

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 included a consideration of performance and 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 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.

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.

The payment of any STI is discretionary, and a maximum STI potential has been agreed contractually with each Executive. These maximum STI are outlined in the contract table below.

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.

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	Nil.	Increase to Base Salary on 1 October 2010 and amendment to termination provisions.	Nil.
Term	Until 30 November 2012.	Until 28 August 2012.	Until 3 December 2013.
Base Salary	$1,640,148.[1]	$280,000.[2]	$210,000.[2]
Superannuation	9% of Base Salary.	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 25%.	Discretionary maximum of 15%.
STI (as a maximum quantum)	Nil.	$70,000.	$31,500.
Fixed : Variable remuneration weighting	100:0	80:20	87:13
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	Until the end of the Term, 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.	No restraint.	No restraint.

1 In accordance with Mr Alexander's employment agreement, CMH conducted the CPI reviews this year to which Mr Alexander is contractually entitled but that had been deferred in prior years with Mr Alexander's consent. Mr Alexander did not receive any interest on the amount deferred ($142,456). Mr Alexander's next review is on 30 November 2011.

2 Mr Whitney and Ms Lane elect to receive part of their Base Salary in non-monetary benefits.

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.

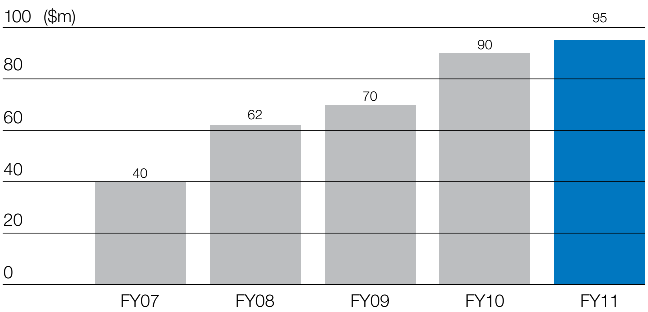
During the year, the Executives managed a number of head office initiatives and transactional activity including:

- CMH's participation in the Indicative Proposal and Binding Agreement for FOXTEL to acquire 100 per cent of AUSTAR;
- the investment by CMH in SEEKAsia Limited and JobsDB alongside SEEK, Macquarie and Tiger Global;
- the implementation of the 2010 Buy-Back Program; and
- supporting the company's investments in FOXTEL and Premier Media Group, including by acting as directors of each business.

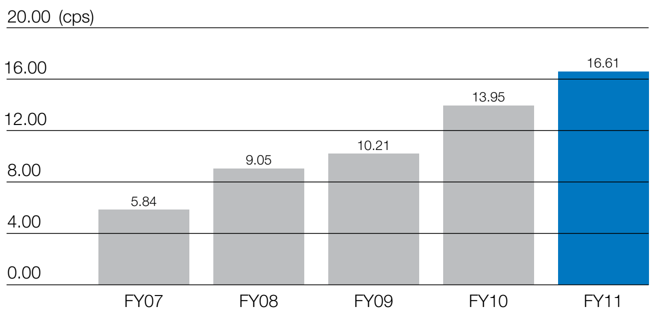
As reflected in the graphs below, each of these initiatives and the support to CMH's investment portfolio delivered shareholder value. This year, the Operating NPAT result for CMH was $94.8 million (up from $89.5 million in FY2010); operating Earnings Per Share (**EPS**) increased from 13.95 cents per share (in FY2010) to 16.61 cents per share; and the equity accounted contribution from the company's investments increased from $84.0 million (in FY2010) to $89.0 million.

CMH has paid total dividends of 16.5 cents per share to its shareholders during the 2011 financial year.

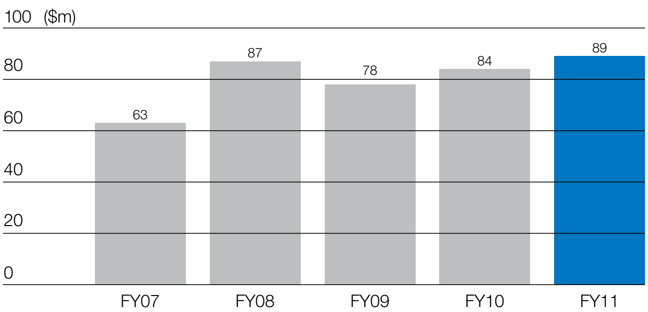
Operating NPAT



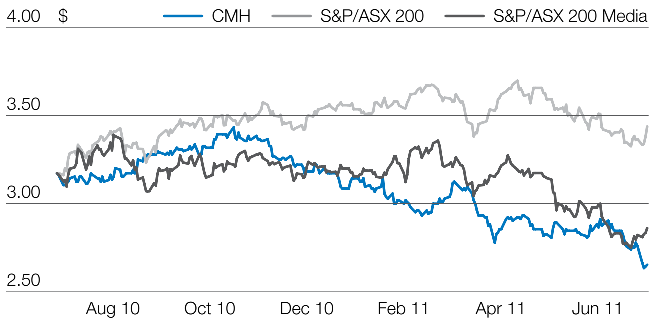
Operating EPS



Equity accounted profit from FOXTEL and PMG



Share Price Performance



Source: IRESS

Notes:

1 The S&P/ASX 200 is a broad benchmark index of 200 companies with inclusion based on free-float adjusted market capitalisation and liquidity. During the same time period, the S&P/ASX 300 Metals and Mining index increased by 20%.

2 The S&P/ASX 200 Media index includes companies which are classified by the Global Industry Classification Standard (GCIS) as being in the Media sector. During the same time period, Austar, which was subject to a change of control proposal, increased by 38%.

Executive Remuneration Table

Executive	John Henry Alexander		Trent James Whitney		Louise Anne Mary Lane	
Financial Year	2011	2010[2]	2011	2010	2011	2010
Cash salary, fees and short-term compensated absences	$1,621,534	$1,500,000	$244,981	$217,981	$178,760	$157,895
Non-monetary[1]	$134,658	$135,507	$22,278	$8,069	$34,903	$33,705
STI	Ineligible	Ineligible	$66,000	$60,000	$40,000	$27,750
% of Maximum STI	Ineligible	Ineligible	94	100	127[3]	100
Other	Nil	Nil	Nil	Nil	Nil	Nil
Pension and super benefits	$145,938	$135,000	$15,528	$12,927	$15,199	$19,147
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	**$1,902,130**	**$1,770,507**	**$348,787**	**$298,977**	**$268,862**	**$238,497**

1 Excludes FBT which is paid by CMH.
2 CMH conducted Mr Alexander's CPI Reviews this year and will make a payment of $142,456 to Mr Alexander in September 2011.
3 The Committee resolved to reward Ms 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-nominee non-executive directors Mr James Packer, Mr Ashok Jacob and Mr Guy Jalland do not receive any remuneration for their services as directors. Similarly, the Seven-nominee 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.

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.

Director Remuneration Table

Financial Year	Financial Year	Cash salary, fees and short-term compensated absences	Pension and super benefits	Termination benefits	Total
	2011	$65,000	$5,850	Nil	**$70,850**
Christopher Darcy Corrigan	2010	$65,000	$5,850	Nil	**$70,850**
	2011	$75,000	$6,750	Nil	**$81,750**
Rowena Danziger	2010	$75,000	$6,735	Nil	**$81,735**
	2011	$90,000	$8,100	Nil	**$98,100**
Geoffrey James Dixon	2010	$90,000	$8,069	Nil	**$98,069**
	2011	$0	$0	Nil	**$0**
Peter Joshua Thomas Gammell	2010	$0	$0	Nil	**$0**
	2011	$0	$0	Nil	**$0**
Ashok Jacob	2010	$0	$0	Nil	**$0**
	2011	$0	$0	Nil	**$0**
Guy Jalland	2010	$0	$0	Nil	**$0**
	2011	$0	$0	Nil	**$0**
Michael Roy Johnston	2010	$0	$0	Nil	**$0**
	2011	$75,000	$6,750	Nil	**$81,750**
Christopher John Mackay	2010	$75,000	$6,750	Nil	**$81,750**
	2011	$0	$0	Nil	**$0**
James Douglas Packer	2010	$0	$0	Nil	**$0**
	2011	$0	$0	Nil	**$0**
Ryan Kerry Stokes	2010	$0	$0	Nil	**$0**

Note:
— 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.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
Continuing operations			
Revenues	3(a)	14,943	13,232
Expenses	3(b)	(8,241)	(14,073)
Share of net profits of associates and joint venture entities	13	89,048	83,965
Profit from continuing operations before income tax and finance costs		95,750	83,124
Finance costs		(15)	(12)
Profit/(loss) from continuing operations before income tax		95,735	83,112
Income tax benefit	4	6,000	—
Profit after income tax from continuing operations		101,735	83,112
Discontinued operations			
Profit from discontinued operations after income tax	5	—	308,925
Net profit for the year		101,735	392,037
Profit attributable to members of Consolidated Media Holdings Limited		101,735	392,037
Other comprehensive income			
Movement in associates' reserve	19(a)	(4,959)	(10,060)
Other comprehensive income for the year, net of tax		(4,959)	(10,060)
Total comprehensive income for the year		96,776	381,977
Earnings per share for profit attributable to ordinary equity holders of the company:			
Basic earnings per share (cents)	7	17.83	61.12
Diluted earnings per share (cents)	7	17.83	61.12
Basic earnings per share from continuing operations (cents)	7	17.83	12.96
Diluted earnings per share from continuing operations (cents)	7	17.83	12.96

STATEMENT OF FINANCIAL POSITION
As at 30 June 2011

		Consolidated	
	Note	2011 $'000	2010 $'000
Current assets			
Cash and cash equivalents	9	82,545	205,238
Trade and other receivables	10	7,825	2,607
Current tax receivable	4	—	347
Prepayments		920	666
Total current assets		91,290	208,858
Non-current assets			
Other financial assets	11	34,665	—
Investments in associates	13	323,532	273,929
Plant and equipment	14	507	201
Deferred tax assets	4	10,820	3,761
Total non-current assets		369,524	277,891
Total assets		460,814	486,749
Current liabilities			
Trade and other payables	15	129,666	42,193
Interest bearing liabilities	16	24	25
Current tax payable	4	765	—
Provisions	17	428	431
Total current liabilities		130,883	42,649
Non-current liabilities			
Interest bearing liabilities	16	181	206
Provisions	17	91	60
Total non-current liabilities		272	266
Total liabilities		131,155	42,915
Net Assets		329,659	443,834
Equity			
Contributed equity	18	55,082	55,082
Reserves	19(a)	(417,049)	(295,337)
Retained profits	19(b)	691,626	684,089
Parent entity interest		329,659	443,834
Total Equity		329,659	443,834

CASH FLOW STATEMENT

For the year ended 30 June 2011

	Note	Consolidated 2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		1,557	5,035
Payments to suppliers and employees (inclusive of goods and services tax)		(7,898)	(11,876)
Distributions and advances received from associates		125,000	65,000
Interest received		7,467	10,607
Financing costs including interest and cost of finance paid		(15)	(12)
Income taxes (paid) / received		53	(2,830)
Net cash inflow from operating activities	24(a)	126,164	65,924
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(451)	(19)
Payment for other financial assets		(25,959)	—
Net proceeds from sale of investment property	5	—	49,519
Net proceeds from sale of investments	5	—	436,119
Net cash outflow from investing activities		(26,410)	485,619
Cash flows from financing activities			
Share buy-back		(128,223)	(278,152)
Dividends paid	6	(94,198)	(105,439)
Payment of lease liabilities		(26)	(165)
Net cash outflow from financing activities		(222,447)	(383,756)
Net (decrease)/increase in cash and cash equivalents		(122,693)	167,787
Cash and cash equivalents at the beginning of the financial year		205,238	37,451
Cash and cash equivalents at the end of the financial year	9	82,545	205,238

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	Consolidated				
	Share Capital $'000	Associates' Reserve $'000	Share Buy-Back Reserve $'000	Retained Earnings $'000	Total $'000
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**
At 1 July 2009	55,082	3,834	—	397,491	456,407
Profit for the period	—	—	—	392,037	392,037
Other comprehensive income	—	(10,060)	—	—	(10,060)
Total comprehensive income for the period	—	(10,060)	—	392,037	381,977
Transactions with owners in their capacity as owners					
Share buy-back	—	—	(289,111)	—	(289,111)
Dividend paid	—	—	—	(105,439)	(105,439)
At 30 June 2010	55,082	(6,226)	(289,111)	684,089	443,834

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 a 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.

Compliance with IFRS

Australian Accounting Standards include the Australian equivalent 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 2011 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 $329,659,000. The Statement of Financial Position also shows a net current liability position of $39,593,000. The net current liability position arises solely as a result of CMH's Advances from associates of $120,099,000, 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 $80,506,000, with cash on hand of $82,545,000 sufficient to pay its short-term liabilities.

b) Changes in accounting policies

The accounting policies adopted in the preparation of the financial report are consistent with those applied and disclosed in the 2010 annual financial report.

c) 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.

d) 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.

e) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

f) 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. 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.

g) 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.

h) 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.

i) 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.

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 forecasted 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.

j) 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.

k) 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.

l) 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 the Nine Entertainment Group (formerly PBL Media), 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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.

m) 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.

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.

n) 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.

o) 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.

p) 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.

q) 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 other payables 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

r) Impairment of financial assets

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

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 assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets 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 instruments fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

s) 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.

t) Share buy-back

The cost of share buy-backs are 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 includes the purchase price of the shares bought back, plus any costs directly attributable to the share buy-back, including brokerage fees paid.

u) Foreign currency translation

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

v) 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.

w) 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.

x) 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.

y) 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 11(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.

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	
	2011 $'000	2010 $'000
Revenue	1,372	1,229
Expenses	(7,575)	(7,466)
EBITDA	(6,203)	(6,237)
Depreciation	(145)	(207)
EBIT	(6,348)	(6,444)
Equity Results		
FOXTEL	37,595	29,926
Premier Media Group	51,453	54,039
Total Equity Results	89,048	83,965
Net Interest	6,056	11,991
Profit before tax	88,756	89,512
Tax Expense	6,000	—
Operating NPAT	94,756	89,512
Non-Operating Items		
SEEK Gain on Disposal	—	305,079
SEEK Equity Accounting	—	2,494
Property (including impairment)	6,979	(5,048)
Statutory NPAT	101,735	392,037

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000
3. REVENUE AND EXPENSES			
Profit before income tax includes the following revenues and expenses:			
a) Revenue from continuing operations			
Revenue from services		1,234	1,229
Property service fee		7,500	—
Interest received		6,071	12,003
Other revenue		138	—
		14,943	13,232
b) Expenses from continuing operations			
Corporate and administration		6,341	6,193
Other		1,900	7,880
Total expenses		8,241	14,073
Depreciation			
(included in expenses above)			
Plant and equipment		108	169
Total Depreciation		108	169
Amortisation			
(included in expenses above)			
Plant and equipment under finance lease		37	38
Total amortisation		37	38
c) Specific items			
Continuing operations			
Property service fee (included in revenue)		7,500	—
Property-related provisions, write offs and impairments (included in other expenses)		(521)	(6,400)
		(6,979)	(6,400)
Discontinued operations			
Net profit on disposal of investment	5	—	305,079
		—	305,079
Total specific items		(6,979)	298,679

	Consolidated 2011 $'000	Consolidated 2010 $'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	95,735	392,037
Prima facie income tax expenses on profit at the Australian rate of 30% (2010: 30%)	28,721	117,611
Tax effect of:		
Rebatable dividends	(10,023)	(17,990)
Share of associates' net (profits)/loss	(26,714)	(25,938)
Dividends from associated entities	13,353	20,921
Tax losses not brought to account	45,992	—
Timing differences not recognised	35,437	—
Other items – net	42	(1,765)
(Profit) on disposal of investment in SEEK Limited	—	(91,524)
Loss on disposal of investment property	—	45
Difference in tax and accounting base	(93,150)	—
Utilisation of prior year losses not previously brought to account	—	(2,331)
Income tax under-provided in prior years	342	971
Income tax (benefit)/expense	(6,000)	—
Income tax expense / (benefit) comprises:		
Current expense	—	—
Deferred expense/(benefit)	(7,059)	(3,279)
Adjustments for current income tax of prior periods	1,059	3,279
	(6,000)	—
Tax benefit from continuing operations	(6,000)	—
Tax expense/(benefit) from discontinuing operations	—	—
	(6,000)	—
b) Deferred income taxes		
Deferred income tax assets	10,820	3,761
Net deferred income tax liabilities	10,820	3,761
c) Deferred income tax assets and liabilities at the end of the financial year		
Employee benefits provision	186	147
Other provisions and accruals	166	322
Property, plant, equipment and investment property	388	2,137
Losses	9,005	—
Other	1,075	1,155
Net deferred income tax assets	10,820	3,761
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	39	(32)
Other provisions and accruals	(156)	445
Property, plant, equipment and investment property	(1,749)	(2,136)
Losses	9,005	—
Other	(80)	(1,556)
Net deferred income tax (benefit)/expense	7,059	(3,279)

4. INCOME TAX EXPENSE continued

e) Tax consolidation

CMH and its 100 per cent 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) Deferred tax assets not booked

The group has tax losses of $152,861,000 (2010: $6,319,000) available indefinitely for offset against future taxable profits. The potential deferred tax asset of $45,858,000 (2010: $1,896,000) of revenue losses and $21,285,000 (2010: $17,660,000) 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 $35,437,000 (2010: $Nil) which has not been recognised as an asset because realisation of the benefit is not considered probable.

5. DISCONTINUED OPERATIONS

a) Disposal of investment in SEEK Limited

On 26 August 2009, the Group sold its investment in SEEK Limited for net proceeds of $436,119,000. A gain of $305,079,000 was achieved in this disposal.

In the prior year, SEEK contributed $2,494,000 of equity accounted profit and no cash from dividends.

b) Disposal of investment property

During the prior year, the Group sold its property at 54 Park Street, Sydney. A loss of $149,000 was recorded in relation to the sale.

During the prior year, the property contributed $1,501,000 profit from its operations and generated cash of $1,622,000.

	2011 $'000	2010 $'000
6. DIVIDENDS		
Ordinary shares		
Final dividend of 6 cents per fully paid share paid on 15 October 2010 (2009: 6 cents unfranked)		
– Unfranked	35,205	40,265
Interim dividend of 10.5 cents per fully paid share paid on 15 April 2011 (2010: 10.5 cents fully franked)		
– Unfranked	58,993	65,174
Total dividends provided for or paid	94,198	105,439
Dividends not recognised at year end		
Final dividend of 6 cents per fully paid share expected to be paid on 21 October 2011 (2010: 6 cents unfranked)		
Unfranked	33,710	35,205

Franked dividends

The franked portions of dividends recommended after 30 June 2011 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2011.

Franking credits balance at 30 June	38,655	25,942
Franking credits not available for subsequent years	(32,230)	(13,195)
Franking credits available for subsequent financial years based on a tax rate of 30% (2010: 30%)	6,425	12,747

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.

There will be no impact on the franking account as a result of the dividend recommended by the directors after 30 June 2011 (2010: $nil).

	Consolidated 2011	Consolidated 2010
7. EARNINGS PER SHARE		
Basic earnings per share (cents)	17.83	61.12
Diluted earnings per share (cents)	17.83	61.12
Basic earnings per share from continuing operations (cents)	17.83	12.96
Diluted earnings per share from continuing operations (cents)	17.83	12.96
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	570,540,652	641,439,241

	Consolidated 2011 $'000	Consolidated 2010 $'000
Reconciliations of earnings used in calculating basic and diluted earnings per share		
– Net profit	101,735	392,037
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	101,735	392,037
Excluding the effect of discontinued operations		
– Profit attributable to members of the parent	101,735	392,037
– Discontinued operations (net of minority interests)	—	308,925
Profit excluding discontinued operations	101,735	83,112
Earnings used in calculating basic and diluted earnings per share	101,735	83,112

	Parent Entity	
	2011 $'000	2010 $'000

8. PARENT ENTITY DISCLOSURES

	2011 $'000	2010 $'000
a) Financial position		
Current Assets	755,320	624,868
Non-Current Assets	60,320	201,220
Total Assets	815,640	826,088
Current Liabilities	779,894	570,467
Non-Current Liabilities	—	—
Total Liabilities	779,894	570,467
Net Assets	35,746	255,621
Contributed Equity	55,082	55,082
Share Buy-Back Reserve	(405,864)	(289,111)
Retained Earnings	386,528	489,650
Total Equity	35,746	255,621
b) Comprehensive income		
Net profit for the year	(8,923)	571,706
Other comprehensive income	—	—
Total comprehensive income for the year	(8,923)	571,706

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 26** for further details.

Refer to **Note 20** 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	
	2011 $'000	2010 $'000

9. CASH AND CASH EQUIVALENTS

	2011 $'000	2010 $'000
Current		
Cash at bank and on hand	82,545	205,238
Total cash and cash equivalents	82,545	205,238

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
10. TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables		69	127
Amounts receivable from other related parties	22	125	142
Other receivables		131	942
Accrued interest receivable		—	1,396
Property service fee receivable		7,500	—
Total current receivables		7,825	2,607

Trade receivables are non-interest bearing and are on 30 day terms. At 30 June 2011 no trade receivables are past due and no trade receivables are considered impaired.

The property service fee is non-interest bearing and is due in 2 instalments. $3,750,000 was received in July 2011, the remainder is due before 31 December 2011.

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
11. OTHER FINANCIAL ASSETS			
Non-current			
Investment at fair value through the profit and loss	11(a)	—	—
Available for sale investments	11(b)	34,665	—
Total other financial assets		34,665	—

a) Investment at fair value through the profit and loss
CMH's investment in the Nine Entertainment Group (formerly PBL Media) is designated as an investment at fair value through the profit and loss. At 30 June 2011 the fair value of this investment is considered to be $nil (2010: $nil).

b) Available for sale investments
During the year CMH acquired a 12.08 per cent interest in SEEKAsia, which in turn acquired an 80 per cent interest in Jobs DB, an online jobs internet portal with operations across South East Asia. Neither SEEKAsia nor Jobs DB are listed entities.

CMH's investment in SEEKAsia is carried at fair value at 30 June 2011. In the period to 30 June 2011 no valuation adjustments have been recorded. At 30 June 2011, fair value has been calculated based on discounted cash flow analyses of CMH's 9.66 per cent look-through interest in Jobs DB for each market Jobs DB operates in. The conservative, but reasonable, key assumptions applied to the internal cashflow projections to 31 December 2015 include 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 use discount rates of between 12.1 per cent 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 2011.

12. 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(c)**:

	Consolidated			
Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding (% held)[1] 2011**	**2010**
Parent entity				
Consolidated Media Holdings Limited	Australia	Ordinary	—	—
Significant controlled entities and those included in a class order with the parent entity are:				
– Carraroe Pty Limited	Australia	Ordinary	100%	100%
– Mancon Nominees Pty Limited	Australia	Ordinary	100%	100%
– Manden Productions Pty Limited	Australia	Ordinary	100%	100%
– PBL Enterprises Pty Limited	Australia	Ordinary	100%	100%
– PBL Film Holdings Pty Limited	Australia	Ordinary	100%	100%
– PBL Management Pty Limited	Australia	Ordinary	100%	100%
– PBL Media Shareholder Pty Limited	Australia	Ordinary	100%	100%
– PBL Pay TV Pty Limited	Australia	Ordinary	100%	100%
– PBL Property Pty Limited	Australia	Ordinary	100%	100%
– Robbdoc Pty Limited	Australia	Ordinary	100%	100%
– Windfyr Pty Limited	Australia	Ordinary	100%	100%

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

These controlled entities have entered into a deed of cross guarantee with the parent entity under ASIC *Class Order 98/1418*, refer **Note 26**.

	Consolidated 2011 $'000	Consolidated 2010 $'000
13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Investments at equity accounted amount:		
Non-current		
Associated entities – unlisted shares	323,532	273,929
	323,532	273,929

Investments in associates	Reporting date	Principal activity	Country of incorporation	Interest [1] 2011	Interest [1] 2010
Sky Cable Pty Limited	30 Jun	Investment in Pay TV	Australia	50.0%	50.0%
Premier Media Group	30 Jun	Pay TV sport service	Australia	50.0%	50.0%

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

	Consolidated 2011 $'000	Consolidated 2010 $'000
Share of associates' revenue and profits – continuing		
Revenue	760,675	728,778
Operating profit before income tax	118,442	111,539
Income tax expense	(29,394)	(27,574)
Share of associates' net profit after income tax	89,048	83,965
Carrying amount of investments in associates		
Balance 1 July	273,929	380,318
Equity share of associates reserves	(4,959)	(6,226)
Share of associates' net profit for the year – continuing	89,048	83,965
Share of associates' net profit for the year – discontinuing	—	2,494
Dividends received or receivable	(34,486)	(51,748)
Carrying amount of investments in associates disposed of during the year	—	(134,874)
Carrying amount of investment in associates at the end of the year	323,532	273,929
Investments at equity accounted amount:		
– Sky Cable Pty Limited	137,022	104,386
– Premier Media Group	186,510	169,543
	323,532	273,929
The consolidated entity's share of the assets and liabilities of associates in aggregate		
Current assets	164,183	147,492
Non-current assets	385,334	284,247
Current liabilities	(157,371)	(127,452)
Non-current liabilities	(209,758)	(200,886)
Net assets	182,388	103,401

Consolidated	Plant and equipment $'000	Plant and equipment under lease $'000	Total $'000
14. PLANT AND EQUIPMENT			
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**
At 30 June 2010			
Cost	11,975	186	12,161
Accumulated depreciation and impairment	(11,945)	(15)	(11,960)
Net book amount	30	171	201
Movement Schedules			
Year ended 30 June 2011			
Opening net book amount	**30**	**171**	**201**
Additions	**451**	**—**	**451**
Impairment	**—**	**—**	**—**
Depreciation charge	**(108)**	**(37)**	**(145)**
Closing net book amount	**373**	**134**	**507**
Year ended 30 June 2010			
Opening net book amount	6,554	23	6,577
Additions	19	186	205
Impairment	(6,374)	—	(6,374)
Depreciation charge	(169)	(38)	(207)
Closing net book amount	30	171	201

		Consolidated	
	Note	2011 $'000	2010 $'000
15. PAYABLES			
Current			
Trade and other payables		831	1,077
SEEKAsia investment payable		8,707	—
Share buy-back transactions not settled		—	11,470
Advances from related parties	22(g)	120,099	29,585
Unearned income		29	61
Total current payables		129,666	42,193

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

The SEEKAsia investment payable was paid in July 2011.

		Consolidated	
	Note	2011 $'000	2010 $'000
16. INTEREST BEARING LIABILITIES			
Current			
Secured			
Lease liability	20	24	25
Total current liabilities		24	25
Non-current			
Secured			
Lease liability	20	181	206
Total non-current liabilities		181	206
a) Total secured liabilities			
Lease liability		205	231
Total secured liabilities		205	231

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		134	171

Consolidated	Employee entitlements $'000	Bonus $'000	Total $'000
17. PROVISIONS			
Current 30 June 2011	**326**	**102**	**428**
Non-current 30 June 2011	**91**	**—**	**91**
	417	**102**	**519**
Current 30 June 2010	331	100	431
Non-current June 2010	60	—	60
	391	100	491
Movement Schedule			
At 1 July 2010	**391**	**100**	**491**
Arising during the year	**263**	**90**	**353**
Utilised during the year	**(237)**	**(88)**	**(325)**
At 30 June 2011	**417**	**102**	**519**

a) Bonus
The provision for bonus represents the present value of bonuses to be made at the discretion of the Remuneration Committee upon achievement of relevant KPI's established in the relevant year.

	Consolidated 2011 $'000	2010 $'000
18. CONTRIBUTED EQUITY		
561,834,996 (2010: 612,009,233) 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 2009	Balance		689,676,925	55,082
	Share buy-back		(77,667,692)	—
30 June 2010	Balance		612,009,233	55,082
	Share buy-back pre 30 June 2010 cancelled post 30 June 2010	18(c)	(15,250,762)	—
	Share buy-back		(34,923,475)	—
30 June 2011	Balance		561,834,996	55,082

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, 1 vote only;
– on a poll, 1 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 4 trading days of the prior year were not settled and cancelled until after the end of the financial year.

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
19. RESERVES AND RETAINED PROFITS			
a) Reserves			
Share buy back reserve		(405,864)	(289,111)
Associates' reserve		(11,185)	(6,226)
		(417,049)	(295,337)
Movements:			
Share buy-back reserve			
Balance 1 July		(289,111)	—
Purchase of shares through buy-back		(116,753)	(289,111)
Balance 30 June		(405,864)	(289,111)
Associates' reserve			
Balance 1 July		(6,226)	3,834
Disposal of investment		—	(3,834)
Share of movement in reserves of associates		(4,959)	(6,226)
Balance 30 June		(11,185)	(6,226)
b) Retained profits			
Movement in retained profits were as follows:			
Balance 1 July		684,089	397,491
Net profit/(loss) for the year		101,735	392,037
Dividends paid or provided for	6	(94,198)	(105,439)
Balance 30 June		691,626	684,089

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.

20. 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 5 years (2010: 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	2011 $'000	2010 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
– Within 1 year		6,272	6,367
– Later than 1 year but not later than 5 years		27,029	27,504
– Later than 5 years		1,204	8,728
Total operating lease commitments		34,505	42,599
The Group has the following future rental revenues:			
Commitments for future rental revenues receivable:			
– Within 1 year		6,074	6,134
– Later than 1 year but not later than 5 years		26,815	27,091
– Later than 5 years		1,204	8,728
Total future rental revenues		34,093	41,953

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		39	39
– Later than 1 year but not later than 5 years		203	243
Minimum finance lease payments		242	282
Less future finance charges		(37)	(51)
Total finance lease liabilities		205	231
Representing lease liabilities:			
Current	16	24	25
Non-current	16	181	206
		205	231

c) Capital Commitments

CMH has committed to provide funding of an amount up to, but not exceeding, $225 million to fund its share of FOXTEL's proposed acquisition of AUSTAR, to be provided prior to 30 June 2012. The proposed acquisition remains subject to a number of conditions.

In certain circumstances, CMH has committed to inject additional funding of up to HK$77.3 million (c. A$9.28 million) for further securities in SEEKAsia Limited (**SEEKAsia**). This commitment can only arise in the period between June 2012 and 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 2011. (2010: $nil).

21. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Details of key management personnel

i) Directors

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

Mr Michael 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	2011 $	2010 $
Short-term employee benefits	2,648,114	2,445,907
Post-employment benefits (superannuation)	204,115	194,478
Termination	—	—
Share-based payments	—	—
Total	2,852,229	2,640,385

c) Shareholdings of key management personnel

2011	Balance at 1 July 2010	Net change other	Balance at 30 June 2011
Directors of Consolidated Media Holdings Limited			
Name			
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			
Name			
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.

2010	Balance at 1 July 2009	Net change other	Balance at 30 June 2010
Directors of Consolidated Media Holdings Limited			
Name			
John Alexander	527,133	(101,633)	425,500
James Packer	261,500,000	19,675,931	281,175,931
Rowena Danziger	22,876	—	22,876
Christopher Mackay	100	—	100
Other key management personnel of the consolidated entity			
Name			
Trent Whitney	—	2,000	2,000

22. 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 12**.

Investments in associates and joint ventures are set out in **Note 13**.

c) Key management personnel
Disclosures relating to key management personnel, including remuneration paid, are set out in **Note 21** and in the Remuneration Report.

d) Director related entities and entities with significant influence over the Group
As at 30 June 2011 CPH, an entity related to Mr James Packer, and its controlled entities holds 50.05% (2010: 45.9%) of the fully paid ordinary shares of CMH.

As at 30 June 2011 Seven Group Holdings Limited (**SGH**), and its controlled entities held 24.44% (2010: 22.4%) 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:

	2011 $'000	2010 $'000
Advances received:		
FOXTEL	65,000	25,000
Premier Media Group	60,000	40,000
	125,000	65,000
Distributions declared by Premier Media Group were allocated as follows:		
FOXTEL	–	25,000
Premier Media Group	34,486	26,748
	34,486	51,748

ii) Director-related entities
In 2011, CPH charged $0.2 million (2010: $0.3 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 (2010: $0.1 million), and also recharged $0.6 million for general expenses incurred on CMH's behalf (2010: $0.1 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 in arm's length transactions both at normal market prices and on normal commercial terms.

g) Outstanding balances at 30 June 2011
At 30 June 2011, $0.1 million in receivables was outstanding from Crown (2010: $0.1 million), mainly related to the recharge of advisor costs relating to pre-demerger matters.

CMH has outstanding advances of $120.1 million (2010: $29.6 million) from Premier Media Group. These advances are non-interest bearing and will be settled by the receipt of dividends.

23. EVENTS OCCURRING AFTER REPORTING DATE

Other than matters described elsewhere in this report, 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 2011 $'000	Consolidated 2010 $'000
24. NOTES TO THE STATEMENT OF CASH FLOWS		
a) Reconciliation of profit after income tax to net cash flow from operating activities		
Profit for the year	101,735	392,037
Depreciation and amortisation of property, plant and equipment	145	207
Loss on disposal of investment property	—	149
Profit on disposal of equity investments	—	(305,079)
Share of associates' net profit	(89,048)	(86,459)
Impairment of property, plant and equipment	—	6,374
Distributions and advances received from associates	125,000	65,000
Changes in assets and liabilities		
Decrease / (increase) in trade and other receivables	(5,218)	203
Decrease / (increase) in prepayments	(254)	179
(Increase) / decrease in interest receivable	1,396	(1,396)
Decrease / (increase) in trade creditors and other accruals	(1,775)	(2,470)
Increase / (decrease) in provisions	130	9
(Increase) / decrease in current tax receivable	347	449
(Increase) / decrease in current tax payable	765	—
Decrease / (increase) in deferred tax assets	(7,059)	(3,279)
Net cash inflow from operating activities	126,164	65,924

	Consolidated 2011	Consolidated 2010
25. 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	102,000	97,000
Fees paid to other member firms of Ernst & Young International:		
Audit and review of financial reports of controlled entities	20,821	10,000
2) Other assurance services		
Fees paid to Ernst & Young:		
Assurance related	7,780	5,000
3) Taxation services		
Fees paid to Ernst & Young:		
Tax compliance services, including review of company tax returns	646,936	604,000
Fees paid to other member firms of Ernst & Young International:		
Tax compliance services, including review of company tax returns	115,970	122,000
	893,507	838,000

26. 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 2011 are:

	Closed group	
	2011 $'000	2010 $'000
Consolidated income statement		
Profit/(loss) before income tax	100,895	392,107
Income tax (expense)/benefit	6,000	—
Net profit/(loss) after tax	106,895	392,107
Retained earnings at the beginning of the financial year	679,173	392,505
Dividends paid or provided for	(94,198)	(105,439)
Retained earnings at the end of the financial year	691,870	679,173
Consolidated balance sheet		
Current assets		
Cash and cash equivalents	82,545	205,127
Receivables	8,076	2,607
Current tax receivable	—	347
Other current assets	920	666
Total current assets	91,541	208,747
Non-current assets		
Other financial assets	34,665	—
Investment in associates	323,532	273,929
Plant and equipment	507	201
Deferred tax assets	10,820	3,761
Total non-current assets	369,524	277,891
Total assets	461,065	486,638
Current liabilities		
Payables	129,571	46,998
Interest and non-interest bearing liabilities	24	25
Current tax payable	765	—
Provisions	530	431
Total current liabilities	130,890	47,454
Non-current liabilities		
Interest and non-interest bearing liabilities	181	206
Provisions	91	60
Total non-current liabilities	272	266
Total liabilities	131,162	47,720
Net Assets	329,903	438,918
Equity		
Contributed equity	55,082	55,082
Reserves	(417,049)	(295,337)
Retained profits	691,870	679,173
Total Equity	329,903	438,918

27. 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 2011.

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 has purchased 34,923,475 shares for $116,753,000. CMH completed the share buy-back on 23 December 2010.

As a holding company, CMH has determined that it should not target a large cash balance in the absence of an identifiable acquisition opportunity. Should an appropriate opportunity arise, CMH expects that it will be able to suspend future dividends and raise debt at a holding company level.

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, issue new shares or buy back existing shares.

During the year, CMH paid an interim dividend to shareholders of $59.0 million (2010: $65.2 million interim dividend). CMH's dividend policy is to distribute cash from operating activities, after financing costs, franked to the greatest extent possible, subject to retaining appropriate cash reserves for short-term liabilities and investment opportunities.

As CMH is in a net cash position, management monitor capital through managing cash flow. Management would adopt alternate monitoring methods should CMH take on debt. CMH is not subject to any externally imposed capital requirements.

The Group has net cash reserves of $82.5 million (2010: $205.2 million).

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 does not have a significant liquidity exposure to third party creditors.

e) Interest rate risk

The Group is exposed to interest rate risk by maintaining a net cash position. With the exception of the finance leases (which are not material), all other assets and liabilities are non interest bearing.

During the year the weighted average interest rate received on cash deposits was 5.45% (2010: 4.29%). As a sensitivity, had interest rates been 1.0% (100 bps) higher, interest revenue would have been $1,110,000 higher (2010: $2,796,000). Had interest rates been 1.0% (100 bps) lower, on average during the year, interest income would have been $1,110,000 lower (2010: $2,796,000).

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 2011 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 2011.
3. As at the date of this Declaration, there are reasonable grounds to believe that the members of the Closed Group identified in **Note 26** 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, 22 August 2011.

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

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 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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.

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 2011 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 by reference in pages 28 to 32 of the Directors' Report for the year ended 30 June 2011. 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 2011, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Douglas Bain
Partner
Sydney
22 August 2011

Substantial shareholders

The following information is extracted from substantial shareholder notices received by CMH. This information is current at Friday 12 August 2011.

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]	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.

Shareholder distribution

(i) Distribution of shareholders as at 12 August 2011.

Range	Total Holders	Number of shares	Percentage of total shares on issue (%)
1 – 1,000	20,176	9,744,776	1.73
1,001 – 5,000	8,561	18,630,247	3.32
5,001 – 10,000	928	6,748,370	1.20
10,001 – 100,000	523	11,530,121	2.05
100,001 +	52	515,181,482	91.70

(ii) Shareholders holding less than a marketable parcel: 4,211

The 20 largest registered shareholders at 12 August 2011

	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	137,312,402	24.44
3	Consolidated Press Holdings Limited	107,962,067	19.22
4	HSBC Custody Nominees (Australia) Limited	21,919,301	3.90
5	JP Morgan Nominees Australia Limited	14,666,594	2.61
6	Samenic Limited	11,136,925	1.98
7	National Nominees Limited	8,990,800	1.60
8	UBS Nominees Pty Ltd	7,383,479	1.31
9	Citicorp Nominees Pty Limited	6,260,386	1.11
10	WIN Television NSW Pty Limited	5,528,845	0.98
11	Cogent Nominees Pty Limited	4,274,055	0.76
12	RBC DEXIA Investor Services Australia Nominees Pty Limited <Pipooled A/C>	3,640,704	0.65
13	JP Morgan Nominees Australia Limited <Cash Income A/C>	3,524,375	0.63
14	Australian United Investment Company Limited	3,000,000	0.53
15	Diversified United Investment Limited	3,000,000	0.53
16	Cairnton Pty Ltd	2,069,387	0.37
17	Birketu Pty Ltd	2,000,001	0.36
18	ARGO Investments Limited	1,548,203	0.28
19	Conpress Holdings Pty Limited	1,521,448	0.27
20	Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	1,237,909	0.22
Top 20 holders		505,462,985	89.97
Others		56,372,011	10.03
TOTAL		**561,834,996**	**100.00**

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 Ms Louise Lane.

On-Market Buy-Back

CMH completed an On-Market Buy-Back during the period, acquiring 58,874,237 shares under the 2010 Buy-Back Program approved by CMH shareholders in May 2010.

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

With effect from the full year dividend, dividends will be 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 before October 2011 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.

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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

CONSOLIDATED MEDIA HOLDINGS