APPENDIX 4E FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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Macquarie Media Limited
Appendix 4E

Company Details

Name of Entity:	Macquarie Media Limited
ABN:	32 063 906 927
Year Ended (Current Year):	30 June 2017
Year Ended (Prior Year):	30 June 2016

Results for announcement to the market $'000's

Revenues from ordinary activities	Down	2%	to	$131,114
Profit from ordinary activities after tax attributable to members	Up	21%	to	$16,754
Net profit for the year attributable to members	Up	21%	to	$16,754

Dividends	Amount per security	Franked amount per security
Final dividend proposed	4.0 ¢	4.0 ¢
Interim dividend	3.0 ¢	3.0 ¢

Record date for determining entitlements to the final dividend.	1 September 2017

Discussion and analysis of the results for the financial year ended 30 June 2017:

Refer to press release for commentary

Earnings per share	Basic	Diluted
As at 30 June 2017	9.80 ¢	9.80 ¢
As at 30 June 2016	8.10 ¢	8.10 ¢

Net Tangible Assets Per Share	30 June 2017	30 June 2016
Net tangible asset backing per ordinary share	(0.09) ¢	(0.14) ¢

Your Directors submit their report on the consolidated entity (referred to hereinafter as the 'Group' or the 'consolidated entity') consisting of Macquarie Media Limited and the entities it controlled at the end of, or during, the year ended 30 June 2017.

DIRECTORS

The following persons were Directors of Macquarie Media Limited during the financial year and up to the date of this report:

Russell Tate
Gregory Hywood
James Millar AM
Louise McCann
Monique Anderson

Refer to Directors details on page 13.

PRINCIPAL ACTIVITIES

The consolidated entity operates in radio and associated media activities in a sole geographical location being Australia. No significant change in the nature of these activities occurred during the year.

OPERATING AND FINANCIAL REVIEW

Group overview

The Group owns and operates the following commercial radio stations:

- Sydney - 2GB and Talking Lifestyle Sydney
- Melbourne – 3AW and Talking Lifestyle Melbourne
- Brisbane – 4BC and Talking Lifestyle Brisbane
- Perth – 6PR

In addition to the above, the Group owns a public relations agency, a company responsible for syndicating programming content, a music distribution business and also produces digital and online media through its websites.

On 19 January 2017, the Group completed the sale of Radio 2CH Pty Limited for proceeds of $5.560 million – a $0.266 million loss on sale was recognised.

Group financial performance

Total revenues and other income of $131.114 million were 2% behind prior year. Operating revenues were down 1% on the prior year.

Reported Earnings before Interest, Tax and Depreciation and Amortisation (EBITDA) of $29.450 million represents a 17% increase on the previous corresponding period. Underlying EBITDA, which excludes significant items as detailed in this Report, increased by 13% to $29.471 million.

The Group's net assets increased by 5% compared with the previous year. The Group's borrowings were equal to the prior year being $40.791 million with undrawn debt facilities of $9.209 million.

During the financial year the Government's announced that it had made a regulation which resulted in a 100% reduction in the licence fee paid by Australian commercial radio broadcasters for FY2017. A 25% reduction in the FY2016 fee had been granted earlier in the year. The impact of these changes on the Group is a $3.5 million licence fee saving as compared to the prior year.

Strategy and future performance

The broad areas of strategic focus for future financial years will be:

- Continue to drive improved returns from the Group's core radio broadcasting operations.
- Maintain the Group's strong market presence and lead in the Sydney and Melbourne ratings.
- Engage emerging distribution channels that facilitate the syndication of existing and new content.

The material financial risks faced by the Group, and how the Group manages these risks, include:

- Significant decline in ratings – given our strong market position, any significant downturn in ratings could potentially impact our advertising revenue and our financial results. We address this risk by employing well known and professional presenters in addition to the development of succession plans that capture and retain our target audience.
- Non-compliance with media regulation - this risk is addressed by conducting regular training and the provision of pre-publication advice.

To the extent that the disclosure of information regarding likely developments in the activities of the consolidated entity in future financial years and the expected results of those activities is likely to result in unreasonable prejudice to the consolidated entity, it has not been disclosed in this report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in the state of affairs of the consolidated entity occurred during the financial year.

MEETINGS OF DIRECTORS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors during the financial year were as follows:

	Directors' Meetings		**Audit Committee**		**Nomination and Remuneration Committee**	
	A	B	A	B	A	B
Russell Tate	6	6	5	5	2	2
Gregory Hywood	5	6	4	5	2	2
James Millar (AM)	6	6	5	5	2	2
Louise McCann	6	6	5	5	2	2
Monique Anderson	6	6	4	5	2	2

Notes:

A = number of meetings attended.
B = number of meetings held during the time the Director held office during the year or was a member of the committee during the year.

Each Director is invited to attend the sub-committee meetings of the Board.

REMUNERATION REPORT

Remuneration is referred to as compensation throughout this report.

Key management personnel refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the consolidated entity.

The key management personnel of the Group are the Directors of Macquarie Media Limited and the executive officers as follows:

- Russell Tate – Executive Chairman
- Adam Lang – Chief Operating Officer
- Lisa Young – Chief Financial Officer

Remuneration Policy

Objectives and policies

The Company has established processes to ensure that the level and composition of remuneration are sufficient, reasonable, and explicitly linked to performance. The objectives of the Company's remuneration policies are to attract, motivate and retain appropriately qualified and experienced executives and other employees capable of discharging their respective responsibilities to enable the Company to achieve its business strategy.

Remuneration structure

The Nomination and Remuneration Committee is primarily responsible for the review and making of recommendations in relation to issues that impact executive remuneration and development, including remuneration packages and other terms of employment for Directors.

Non-executive Directors

The Nomination and Remuneration Committee is responsible for recommending to the Board fees applicable to Non-executive Directors. Directors are remunerated at market rates for their services to the Company. Non-executive Directors are paid a fixed annual fee for their services.

Executive Directors and Management

The Nomination and Remuneration Committee is responsible for recommending to the Board remuneration policies, fees, salaries, short-term and long-term incentives applicable to Executive Directors and management of the Company.

The remuneration policies are designed to drive a performance culture, and to ensure that the way in which employees are recognised and rewarded through remuneration is in the best interests of the shareholders, the Company and the individual. The remuneration policies achieve this by:

- providing remuneration that is market competitive to ensure the Company has the ability to retain and motivate strong performing employees and attract high calibre employees;
- implementing an incentive scheme to ensure the most senior executive remuneration is linked to both individual performance and Company performance; and
- undertaking an annual evaluation process on the performance of all executives, the results of which contribute to the determination of any salary adjustment an individual executive may receive.

Compensation levels for key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders.

The compensation structures take into account:
- the capability and experience of the key management personnel;
- the key management personnel's ability to control the relevant segment's performance; and
- the Group's earnings performance.

Compensation packages include a mix of fixed and variable compensation and short and long-term performance-based incentives. In addition to their salaries, the Group also makes statutory contributions to a post-employment superannuation plan on behalf of the key management personnel.

Performance linked compensation includes short-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives.

Non-executive Directors
The Board seeks to set remuneration of Non-executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. The remuneration of Non-executive Directors is determined within an aggregate Non-executive Directors' remuneration pool limit. The maximum currently stands at $300,000 per annum. The remuneration of Non-executive Directors does not incorporate any bonus or incentive element.

The Company does not currently have a retirement benefit scheme for Non-executive Directors, other than their individual statutory superannuation benefits which are included as part of their total Non-executive Directors' fee compensation.

Details of the nature and amount of each major element of remuneration of each Director of the Company and other key management personnel are set out on the following five pages.

Share appreciation rights plan of Macquarie Media Limited

During the 2016 financial year the Company revisited its long term incentive (LTI) arrangements to ensure that it continued to reward, retain and motivate certain employees and senior executives in a manner aligned with Shareholders. After exploring a number of equity incentive vehicles, it was decided that a share appreciation rights (SAR) plan was the most appropriate incentivisation mechanism for senior executives and the relevant employees. Economically, SARs are similar to an option with an exercise price equal to the market value at the grant date. That is, a SAR rewards the Participant if Share price growth is achieved after the relevant grant date.

Under the Plan, the Board may grant SARs to Eligible Participants. Vesting of any SAR granted under the Plan is subject to the satisfaction of performance hurdles, vesting conditions, and/or other conditions as determined by the Board. Each SAR represents a right to receive an Award (payable in cash or Ordinary Shares in Macquarie Media Limited or a combination of both in the absolute discretion of the Board) with a value equal to the positive difference between the Subsequent Market Value and the Base Price. The Board expects that it will typically settle a vested SAR in Shares. If all applicable Vesting Conditions and Performance Hurdles are satisfied or otherwise waived by the Board, a Vesting Notice will be provided to the Participant. Unless and until the Vesting Notice is provided to the Participant, the relevant SARs will not be considered to have vested. The Plan enables the Company to make annual grants to Eligible Participants so that LTIs form a key component of their total annual remuneration. This better aligns the remuneration packages of certain employees and senior executives of the Company with the interests of Shareholders and current market practice.

During the 2017 financial year all SARs lapsed as the Performance Hurdles were not satisfied.

On 10 November 2015 Shareholders approved the proposed SAR Plan – a summary of the principal terms of the Plan are set out in the following table:

Key term	Description
Instrument	Share Appreciation Right (SAR). Each SAR is a right to an Award which is calculated in the following manner: *Subsequent Market Value – Base Price* Consequently, the Participant's Total Award is calculated in the following manner: *(Subsequent Market Value – Base Price) x Number of vested SARs* At the Board's discretion, the Participant's Total Award (if any) may be settled in cash, via a transfer and/or issue of Shares (rounded down to the nearest whole number) or a combination of both, the number of Shares to be calculated in the follow manner: *Total Awards / Subsequent Market Value*
Vesting conditions/ performance hurdles	The Performance Hurdles applicable to the SARs to be granted: • (1 July 2015 - 30 June 2016) (Year One) - 50% of the proposed grant of SARs will vest at the end of Year One if the Company achieves EBITDA of $32 million and the Company achieves revenue growth year on year of at least 10% from FY2015 (Year One Performance Hurdles). Performance against the Year One Performance Hurdles will be determined having regard to the FY2016 audited accounts. If these Performance Hurdles are not satisfied, no SARs will vest at the end of Year One, however the SARs will be retained and may vest at the end of Year Two if the Year Two Performance Hurdles (as defined below) or the Year Two EBITDA Hurdle (as defined below) are satisfied. • (1 July 2016 – 30 June 2017) (Year Two) – the remaining 50% of the proposed grant of SARs (or 100% of the SARs if none vested at the end of Year One) will vest at end of Year Two provided that the Company achieves EBITDA of $45 million and the Company achieves revenue growth year on year of at least 7.5% (Year Two Performance Hurdles). Performance against the Year Two Performance Hurdles will be determined having regard to the FY2017 audited accounts. If the Year Two Performance Hurdles are not satisfied, 50% of unvested SARs at that time will vest if the Company's EBITDA (as set out in the FY2017 audited accounts) exceeds $40 million (Year Two EBITDA Hurdle). The remaining 50% of unvested SARs at that time will lapse. All unvested SARs have lapsed as the Year Two Performance Hurdles are not satisfied and the Year Two EBITDA Hurdle is not satisfied.
Vesting notification and exercise	Once the Board determines whether or not the Vesting Conditions and Performance Hurdles and/or other conditions have been met, it will notify Participants of the number of SARs that have vested and/or lapsed via the issue of a Vesting Notice. The date of the Vesting Notice will be the Vesting Date. No SARs will vest until a Vesting Notice has been issued. Participants will be able to exercise any rights from the date of the relevant Vesting Notice until the SARs lapse.
Exercise price	Nil – Participants will not have to pay any amount to exercise the SARs.
Life of Awards / Expiry Date	The SARs will expire on the date that is 15 years from the Grant Date, or any other date determined by the Board and as specified in the invitation letter. SARs that are not exercised before the Expiry Date will lapse.
Lapsing / forfeiture	*Leaver:* Where a Participant ceases to be an Eligible Participant (e.g. ceases employment), all unvested SARs will lapse and be forfeited unless the Board determines otherwise in its discretion. *Fraudulent or dishonest actions:* Unvested SARs will also lapse where, in the opinion of the Board, a Participant: • acts fraudulently or dishonestly; or • wilfully breached their duties. *Failure to satisfy Vesting Conditions and/or Performance Hurdles:* SARs which do not vest (as provided for in the Vesting Notice) will automatically lapse. *Insolvency Event:* Unvested SARs will lapse where an Insolvency Event (e.g. bankruptcy) occurs in relation to a Participant. The Board will have overriding discretion to determine in the above circumstances that some or all unvested SARs will not lapse and be forfeited.

Key term	Description
Quantum of Award	Each SAR is a right to an award (Award) which is calculated in the following manner: *Subsequent Market Value – Base Price* The Board has determined: Base Price = \$1.00 per SAR Performance Qualification Date = the date the Board determines that the relevant Vesting Conditions and Performance Hurdles have been satisfied (or the date that the Board waives those conditions or hurdles) Subsequent Market Value = the 30-day value weighted average price (VWAP) of Shares immediately preceding the Performance Qualification Date The Total Award, depending on the number of SARs that vest will be calculated in the following manner: *Total Award (\$) = (Subsequent Market Value – Base Price) x Number of vested SARs* At the Board's discretion, the Total Award (if any) may be settled in cash, via a transfer and/or issue of Shares (rounded down to the nearest whole number) or a combination of both. If the Board determines to settle the vested SARs by way of Shares, the number of Shares will be calculated in the following manner: *Total Award (Shares) = (Total Award (\$) / Subsequent Market Value)*

		Short-term					Post-employment	Other long term		Share-based payments			
		Salary & fees $	Annual leave movement $	STI cash bonus $	Non-monetary benefits $	Total	Super-annuation benefits $	$	Termination benefits $	Options and rights $	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
Directors													
Non-executive directors													
Gregory Hywood	*2017*	-	-	-	-	-	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-	-	-	-	-	-
James Millar AM	*2017*	*68,493*	-	-	-	*68,493*	*6,507*	-	-	-	*75,000*	-	-
	2016	*68,493*	-	-	-	*68,493*	*6,507*	-	-	-	*75,000*	-	-
Monique Anderson	*2017*	*68,493*	-	-	-	*68,493*	*6,507*	-	-	-	*75,000*	-	-
	2016	*56,374*	-	-	-	*56,374*	*5,356*	-	-	-	*61,730*	-	-
Louise McCann	*2017*	*68,493*	-	-	-	*68,493*	*6,507*	-	-	-	*75,000*	-	-
	2016	*68,493*	-	-	-	*68,493*	*6,507*	-	-	-	*75,000*	-	-
Jack Singleton	*2017*	-	-	-	-	-	-	-	-	-	-	-	-
(resigned 1 September 2015)	*2016*	8,669	-	-	-	*8,669*	-	-	-	-	*8,669*	-	-
Executive directors													
Russell Tate	*2017*	*1,000,000*	-	-	-	*1,000,000*	*6,840*	-	-	-	*1,006,840*	-	-
(Chairman)	*2016*	*1,000,000*	-	-	-	*1,000,000*	*6,840*	-	-	-	*1,006,840*	-	-
Executives													
Adam Lang, Chief Operating Officer	*2017*	*494,225*	*(34,876)*	-	-	*459,349*	*19,616*	*(2,641)*	-	-	*476,324*	-	-
	2016	*494,225*	*(2,367)*	-	-	*491,858*	*19,308*	*14,342*	-	-	*525,508*	-	-
Lisa Young,	*2017*	*250,000*	*(1,671)*	-	-	*248,329*	*19,616*	*3,594*	-	-	*271,539*	-	-
Chief Financial Officer	*2016*	*147,997*	*3,755*	-	-	*151,752*	*11,450*	*5,186*	-	-	*168,388*	-	-
Total compensation:	***2017***	***1,949,704***	***(36,547)***	**-**	**-**	***1,913,157***	***65,593***	***953***	**-**	**-**	***1,979,703***	**-**	**-**
key management personnel (group)	***2016***	***1,844,251***	***1,388***	**-**	**-**	***1,845,639***	***55,968***	***19,528***	**-**	**-**	***1,921,135***	-	-

Service Agreements and Bonus Schemes
Notes in relation to the table of Directors' and executive officers remuneration:

The following Directors and key management personnel have service agreements with Macquarie Media Limited in place at 30 June 2017:

Russell Tate (Executive Chairman)

- Base salary is $498,000 p.a.
- Retention fee of $430,000 p.a.
- Directors' fees of $72,000 are paid in respect of his capacity as Chairman.
- Macquarie Media Limited share appreciation rights totalling 750,000. These rights have lapsed in the year following the performance conditions not being achieved.

Adam Lang (Chief Operating Officer)

- Base salary is $494,225 p.a.
- The agreement may be terminated with 16 weeks' written notice by the executive and 52 weeks' notice by the Company.
- Macquarie Media Limited share appreciation rights totalling 600,000. These rights have lapsed in the year following the performance conditions not being achieved.

Lisa Young (Chief Financial Officer)

- Base salary is $250,000 p.a.
- The agreement may be terminated with 8 weeks written notice by either party.
- Macquarie Media Limited share appreciation rights totalling 300,000. These rights have lapsed in the year following the performance conditions not being achieved.

Details of performance related compensation
Details of the Group's policy in relation to the proportion of remuneration that is performance related is discussed on pages 5 to 8.

Key management personnel equity holdings
Fully paid ordinary shares of Macquarie Media Limited
The number of shares in the company held during the financial year by each director of Macquarie Media Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2017

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Macquarie Media Limited Ordinary shares				
Russell Tate	552,628	-	-	552,628
Gregory Hywood	-	-	-	-
James Millar AM	100,000	-	-	100,000
Louise McCann	-	-	-	-
Monique Anderson	10,000	-	-	10,000
Other key management personnel of the Group Ordinary shares				
Adam Lang	-	-	-	-
Lisa Young	-	-	-	-

2016

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year (i)	Balance at the end of the year
Directors of Macquarie Media Limited Ordinary shares				
Russell Tate	552,628	-	-	552,628
Gregory Hywood	-	-	-	-
James Millar AM	-	-	100,000	100,000
Jack Singleton (resigned 1/9/15)	-	-	-	-
Louise McCann	-	-	-	-
Monique Anderson (appointed 4/9/15)	n/a	-	10,000	10,000
Other key management personnel of the Group Ordinary shares				
Adam Lang	-	-	-	-
Lisa Young	-	-	-	-

(i) Ordinary shares purchased during the year

Loans to key management personnel
The Group has not provided any loans to key management personnel in the current or previous financial year.

Other transactions with key management personnel
There were no other transactions.

DIRECTORS' RELEVANT INTERESTS IN THE SHARES OF THE COMPANY
The Directors' interests in shares in the Company are shown above.
There have been no changes to the Directors' interests between balance date and the date of this report.

NON-AUDIT SERVICES
Details of the amounts paid or payable to the auditor for audit services provided during the year are set out in Note 32 to the financial statements. There were no non-audit services provided during the year.

REMUNERATION CONSULTANTS
The Nomination and Remuneration Committee appointed PricewaterhouseCoopers (PwC) as its principal remuneration consultant to provide specialist advice on executive remuneration matters. PwC provided information to the Committee in respect of its long term incentive arrangements including the share appreciation rights (SAR) plan. This information was used by the Committee in the development of the SAR plan which was ultimately approved by Shareholders in November 2015. No services were provided during the 2017 financial year.

ENVIRONMENTAL ISSUES
The consolidated entity's operations are not regulated by any significant law of the Commonwealth or a State or Territory relating to the environment.

DIVIDENDS

Dividends paid to members of the parent entity, Macquarie Media Limited, during the financial year were as follows:

- Final franked dividend for the year ended 30 June 2016 of 2.0 cents per fully paid ordinary share	$3,420,055
- Interim franked dividend for the half year ended 31 December 2016 of 3.0 cents per fully paid ordinary share	$5,130,083

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company's Constitution permits the Company to indemnify each Director and officer of the Company against any liabilities (to the extent permitted by law) in or arising out of the conduct of the business of the Company or a subsidiary of the Company or the discharge of the duties of its officers. It is the Company's policy to indemnify its officers against any claims or from any expenses or costs they incur in carrying out their role, to the extent permitted by law.

The Company has provided Deeds of Access and Indemnity to each of the Directors, the Company Secretary and the Executive Chairman. Under the Deeds of Access and Indemnity, the Company has agreed to indemnify these officers against any claim or for any expenses or costs which may arise as a result of work performed in their capacity as officers, to the extent permitted by law. There is no monetary limit to the extent of this indemnity.

During the financial year, the Company paid a premium for an insurance policy for the benefit of its officers. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

SUBSEQUENT EVENTS

On 31 July 2017, Satellite Music Australia Pty Ltd, a wholly owned member of the Group, was sold to Stingray Digital International Limited for cash consideration of $5.9 million. The purchase price is subject to customary completion adjustments and payment of $0.9 million of the purchase price is subject to the business achieving agreed revenue targets over the 18 months following completion.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 20.

ROUNDING OF AMOUNTS TO THE NEAREST THOUSAND DOLLARS

The Company is an entity to which Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission applies and, accordingly, amounts in the Financial Statements and the Directors' Report have been rounded off to the nearest thousand dollars in accordance with this Corporations Instrument, unless otherwise stated.

This report is made in accordance with a resolution of Directors.

Russell Tate
Chairman
Dated this 8th day of August 2017

Russell Tate *Executive Chairman (appointed 21 November 2008)*
Mr Tate has over 30 years' experience in senior executive and consulting roles in marketing and media. He was Chief Executive Officer of ASX listed STW Communications Group Limited, Australia's largest marketing communications group, from 1997 to 2006, Executive Chairman from 2006 to 2008 and Deputy Chairman (Non-executive) from 2008 to 2011. He is currently a Director of One Big Switch Pty Ltd and Collins Foods Limited. During the past three years Mr Tate has been Chairman of both Collins Foods Limited (since 2011) and One Big Switch Pty Ltd (since 2012). Mr Tate holds a Bachelor of Commerce (Econ.) from the University of New South Wales.

Gregory Hywood *Non-executive Director (appointed 31 March 2015)*
Mr Hywood has enjoyed a long career in the media and government. Mr Hywood was appointed to the Board of Directors of Fairfax Media Limited in October 2010 and to the position of Chief Executive and Managing Director on 7 February 2011. A Walkley Award winning journalist, he held a number of senior management positions at Fairfax Media Limited including Publisher and Editor-in-Chief of each of The Australian Financial Review, The Sydney Morning Herald / Sun Herald and The Age. Mr Hywood was Executive Director in the Victorian Premier's Department between 2004 and 2006, Chief Executive of Tourism Victoria from 2006 to 2010 and a Director of The Victorian Major Events Company from 2006 until June 2016.

James Millar AM *Non-executive Director (appointed 31 March 2015)*
Mr Millar is the former Chief Executive Officer of Ernst & Young (EY) and a Director on their Global Board. Mr Millar's career was in the Insolvency and Reconstruction practice at EY. He has qualifications in both business and accounting. Mr Millar is a Non-executive Director of Mirvac Limited, Slater & Gordon and Fairfax Media Limited. He is Chairman of both the Export Finance and Insurance Corporation and Forestry Corporation of NSW. Mr Millar serves a number of charities where he is a Trustee of the Australian Cancer Research Foundation and the Vincent Fairfax Family Foundation. He is a former Chairman of Fantastic Holdings Limited and The Smith Family and a former Director of Helloworld Limited.

Louise McCann *Non-executive Director (appointed 10 June 2015)*
Ms McCann is a Non-executive Director with a diverse portfolio including technology, media, health, education, accounting and professional services. Louise's executive career was as a Chief Executive Officer and senior executive in the media and commercial market research and brand and communications sectors in Australia, New Zealand and across Asia. Ms McCann's current Non-executive Director portfolio comprises, CUA (Credit Union Australia), Grant Thornton Australia Limited, University of Notre Dame and Chartered Accountants Australia and New Zealand. From April 2011 until August 2015 Ms McCann was a Non-executive Director with ASX iiNet Limited and Chaired the Remuneration and Nominations committee. Ms McCann is also a former Non-executive Director of the Australian Physiotherapy Association.

Monique Anderson (nee Marks) *Non-executive Director (appointed 4 September 2015)*
Ms Anderson has over 20 years' experience in senior management roles specialising in business management, venue management, development and business transformation projects. Ms Anderson is the Chief Executive Officer of the John Singleton Group, overseeing the operation of the groups portfolio and has held senior roles with companies owned by John Singleton for over 15 years. Ms Anderson is a graduate of the Australian Institute of Company Directors and sits on numerous boards. Ms Anderson holds an Advanced Diploma of Management, Business Administration, Hospitality, Venue and Events. Prior to joining Mr Singleton's Group, Ms Anderson held senior positions in the hospitality Industry for over 12 years.

Lisa Young *Company Secretary (appointed 28 March 2014)*
Ms Young was appointed Financial Controller of Macquarie Media Limited (MML) in April 2011 and progressed to the role of Chief Financial Officer in July 2013. On 28 March 2014 she was appointed Company Secretary. Before joining MML, she held financial positions in a number of media organisations in the United Kingdom including Daily Mail and General Trust plc and British Sky Broadcasting Group plc. Prior to this she worked for PricewaterhouseCoopers in Brisbane. Ms Young is a Chartered Accountant and holds a Bachelor of Commerce and a Bachelor of Arts degree from the University of Queensland.

The Board of Directors ("the Board") of Macquarie Media Limited ("the Company") is committed to responsible corporate governance. In accordance with the Australian Securities Exchange Limited Corporate Governance Council's *Corporate Governance Principles and Recommendations* ("the Recommendations"), the Board has established and approved a sound framework of corporate governance practices that it considers appropriate for the Company. The Board recognises that it is accountable to shareholders for the performance of the Company and, to that end, is responsible for instituting a system of corporate governance that operates in the best interests of shareholders while also addressing the interests of other key stakeholders.

The Board considers the Company's corporate governance practices are consistent with the Recommendations. However, the Board recognises that the full adoption of the Recommendations may not be practical or appropriate given the particular circumstances of the Company. Where the Company's current practices do not comply with the Recommendations, the differences are identified in this Statement.

This Statement describes the Company's main corporate governance practices in place during 2017 and continues to be in place at the date of this Report.

BOARD OF DIRECTORS

The Board guides and monitors the performance and management of the Company on behalf of the shareholders, by whom it is elected and to whom it is accountable.

Board role and responsibility

The principal responsibilities of the Board include:

- contributing to the development and implementation of corporate strategy;
- monitoring the corporate and financial performance of the Company;
- approving the Company's financial reporting including annual and half-year reports;
- appointing Board members and the Chief Executive Officer;
- delegating clear responsibility and authority to the committees of the Board, the Chief Executive Officer and management;
- monitoring and reviewing the performance of those who hold delegated powers;
- monitoring and reviewing processes and systems of risk management and internal compliance and control;
- overseeing the Company's corporate governance framework;
- overseeing the Company's processes for disclosure and communications; and
- reviewing and authorising major investments.

During the 2017 financial year, the Board delegated responsibility for the day-to-day management and administration of the Company principally to the Chairman of the Company, working with the senior management team. The Recommendations recommend the roles of Chair and Chief Executive Officer should not be exercised by the same individual. Notwithstanding the Recommendations, the existing management structure is considered appropriate for the Company.

Composition of the Board

The Company seeks to have a Board comprising Directors with relevant knowledge, experience and expertise to deal with the current and emerging issues of the business, to review and challenge the performance of management, and to exercise independent judgment.

The Board currently comprises five Directors, including the Chairman.

Details of the background and particular expertise of each Director is set out on page 13.

The Recommendations recommend that a majority of the Board be independent. In summary, a Director is considered to be independent if he/she is not a member of management and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder;
- is not, and has not in the last three years been, a principal of a material professional adviser or a material consultant to the Company;
- is not associated with a material supplier or customer of the Company;
- has no material contractual relationship with the Company; and
- does not have any interest or business relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Materiality for these purposes is assessed on a case-by-case basis having regard to the Company and the relevant Director's circumstances, including the significance of the relationship to the Director in the context of their activities as a whole.

Having regard to these criteria, there is one Non-executive Director who is independent (Louise McCann). Three Non-executive Directors (Gregory Hywood, James Millar AM and Monique Anderson) and one Executive Director (Chairman Russell Tate) are considered non-independent.

The Recommendations also recommend that the Chairman be an independent Director. The Chairman, Russell Tate, is not considered by the Board to be independent.

Notwithstanding the Recommendations, the existing Board structure is considered appropriate for the Company at its current size and stage of growth.

Nomination and appointment of new Directors
It is the responsibility of the Nomination and Remuneration Committee to formulate procedures and policies for the selection, appointment and remuneration of new Directors. The Committee is also responsible for reviewing the performance of the Board, its committees and individual Directors.

Where the Board determines there is a need to appoint a Director, whether due to the retirement of a Director, growth of the Company, or changed circumstances of the Company, the Nomination and Remuneration Committee has responsibility for proposing candidates for consideration by the Board. Where appropriate, the services of external consultants may be engaged.

All new Directors receive an appointment letter setting out the terms of their appointment including details of their role, Committee memberships (if any), re-election requirements and their expected time commitments.

Retirement and re-election of Directors
In accordance with the Company's Constitution, one third of the Board (other than the Managing Director or Chief Executive Officer) must stand for re-election on a rotational basis at each Annual General Meeting. All retiring Directors are eligible for re-election.

The Company does not have a policy in relation to the retirement or tenure of Directors. The Board believes that maintaining flexibility in relation to the appropriate term for each Director allows it to attract and retain Directors of the highest standard with the most appropriate skills and experience.

The Board does not consider that any existing Director has served on the Board for a period which could materially interfere with their ability to act in the best interests of the Company.

Independence of Directors
Directors have an overriding responsibility to perform their duties in the best interests of the Company. Directors are required to disclose, on an ongoing basis, any interest that could potentially conflict with those of the Company. In accordance with the Corporations Act 2001, any Director with a material personal interest in a matter being considered by the Board must declare the possible conflict of interest. They must not be present when the matter is being considered and may not vote on the matter.

Operation of the Board
The Board and its committees meet regularly to review strategies and operational performance. The Chairman and senior management communicate regularly to discuss issues relating to the business and to set Board agendas. In addition, Directors receive regular updates from management on key issues between Board meetings.

Board access to information and independent advice
Directors have unrestricted access to Company records and information, and receive regular detailed financial and operational reports from management.

Individual Directors and Board committees may seek independent professional advice at the Company's expense in order to assist them in carrying out their duties. The process for obtaining such advice requires the Director to notify the Chairman in advance. The Chairman will be provided with a copy of the final advice which may, if appropriate, be circulated to the other Directors.

BOARD COMMITTEES
To assist in the effective execution of its responsibilities, the Board has established the following committees:
- Audit Committee; and
- Nomination and Remuneration Committee.

The general role of the Board committees is to review and analyse policies and strategies that are within their respective areas of responsibility. The Board committees may not take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so. The role of each committee is described in more detail below.

Audit Committee
It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. The Audit Committee currently comprises the following Directors:

James Millar AM	Committee Chairman, Non-executive Director
Russell Tate	Executive Chairman
Gregory Hywood	Non-executive Director
Louise McCann	Non-executive Director
Monique Anderson	Non-executive Director

The role of the Audit Committee is to monitor and review the effectiveness of the Company's controls in the areas of operational and statement of financial position risk, legal and regulatory compliance, and financial reporting. The Audit Committee discharges these responsibilities by:

- overseeing the existence and maintenance of internal controls and accounting systems;
- overseeing the management of risk within the Company;
- overseeing the financial reporting processes to ensure compliance with statutory requirements and accounting standards;
- reviewing the annual and half year financial reports and recommending them for approval by the Board;
- reviewing and making recommendations to the Board regarding the appointment or dismissal of external auditors;
- reviewing the performance of the external auditors and existing audit arrangements;
- overseeing the processes used by management to ensure compliance with laws, regulations and other statutory or professional requirements;
- reviewing, annually, the requirement for an internal audit function; and
- providing written advice to the Board, endorsed by a resolution of the Committee, that the Committee is satisfied that the provision of non-audit services by the auditor during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Audit Committee is required to meet at least twice a year. Additional meetings may be held as the work of the Committee demands. Members of management and the external auditors attend meetings of the Audit Committee by invitation. The Committee assesses annually the performance of the auditor, as well as the relationships between the external auditor and the Company, to ensure independence is maintained.

Nomination and Remuneration Committee
The Nomination and Remuneration Committee currently comprises the following Directors:

Louise McCann	Committee Chairman, Non-executive Director
Russell Tate	Executive Chairman
James Millar AM	Non-executive Director
Gregory Hywood	Non-executive Director
Monique Anderson	Non-executive Director

The Nomination and Remuneration Committee is responsible for matters relating to succession planning, recruitment and the appointment and remuneration of the Directors and the Chief Executive Officer. It is also responsible for overseeing succession planning, selection and appointment practices and remuneration packages for senior management and employees of the Company. The objectives of the Committee include:

- reviewing, assessing and making recommendations to the Board on the desirable competencies of the Board;
- assessing the performance of the members of the Board;
- overseeing the selection and appointment practices for Non-executive Directors and senior management of the Company;
- developing succession plans for the Board and overseeing the development of succession planning in relation to senior management; and
- assisting the Board in determining appropriate remuneration policies.

The Committee is required to meet at least twice a year. Additional meetings may be held as the work of the Committee demands. Senior management may be invited to the Committee meetings to provide input on management performance and salary packages.

COMPANY SECRETARY

The Company Secretary is accountable to the Board through the Chairman on all matters relating to the proper functioning of the Board. The qualifications and experience of the Company Secretary are set out on page 13.

CORPORATE CONDUCT AND RESPONSIBILITY

The Company seeks to maintain a high standard of ethical behaviour to ensure that its business is conducted with integrity, honesty and fairness at all times.

Continuous disclosure and shareholder communication
The Company is committed to providing timely, open and accurate information to shareholders and the market in general.

The Board is committed to keeping shareholders fully informed of all major developments affecting the Company by:

- preparing detailed half-yearly and annual financial reports, and making these available to all shareholders;
- informing shareholders of the key issues affecting the Company; and
- holding an Annual General Meeting which enables shareholders to ask questions of the Board.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. The Company's management and auditors attend the Annual General Meeting to answer questions of shareholders as required.

The Company has developed a corporate website to enable broader access to Company information by shareholders and stakeholders. Amongst other things, the website will contain all relevant announcements made to the market, and related information (e.g. information provided to analysts or media during briefings) after they have been released to the ASX.

Share trading policy
In addition to the provisions of the Corporations Act 2001 which apply to all employees, the Company has developed specific written guidelines that prohibit Directors and employees (collectively referred to as "Designated Officers") from acquiring, selling or otherwise trading in the Company's shares while in possession of information about the Company that is not in the public domain and is price sensitive. Price sensitive information is information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Under the guidelines, Designated Officers must not deal in the Company's securities at any time if they are in possession of unpublished price sensitive information in relation to those securities.

Designated Officers may only deal in the Company's securities in the following circumstances:

- from not less than one full trading day after, to a maximum of 30 days after, the Company's half-year results announcement, full year results announcement and the Company's Annual General Meeting;
- where the securities are offered under the Company's dividend reinvestment plan or an approved executive or employee share plan;
- to take up entitlements under a rights issue or other offer;
- for the purposes of participating in any share buy-back;
- undertakings to accept, or the acceptance of, a takeover offer; or
- where otherwise required by law or the order of any court or regulatory authority.

Designated Officers may deal in the Company's securities outside the designated trading windows specified above where neither the Designated Officers nor the Company are in possession of unpublished price sensitive information in relation to those securities, and the Designated Officer obtains the approval of:

- the Chief Executive Officer (where the Designated Officer is not a Director);or
- the Chairperson of the Board (where the Designated Officer is a Director); or
- the Chairperson of the Audit Committee (where the Designated Officer is the Chairperson of the Board).

Any Designated Officer who deals in the Company's securities must notify the Company Secretary (or in the case of dealings by the Company Secretary, the Chairman) once the dealing has occurred. The obligation to notify will not apply to dealings under the dividend reinvestment plan or an approved executive or employee share plan. Prohibitions on dealing in securities apply not only to the acquisition and disposal of shares, but also to acquiring, taking, assigning and releasing of options traded in the options market.

RISK MANAGEMENT
The Board has in place a number of arrangements and internal controls intended to identify, assess, monitor and manage areas of significant business risk. These include the maintenance of:

- Board committees;
- appropriate policies and procedures that are widely disseminated to, and understood by, employees;
- detailed and regular budgetary, financial and management reporting;
- clearly defined management responsibilities, organisational structures, and strong management reporting systems;
- external audit functions; and
- comprehensive insurance programs.

Management is ultimately responsible to the Board for the Company's system of internal control and risk management. The Audit Committee assists the Board in monitoring this function.

The Executive Chairman and Chief Financial Officer annually provide a formal statement to the Board that in all material respects and to the best of their knowledge and belief:

- The Company's financial reports present a true and fair view of the consolidated entity's financial condition and operation results and are in accordance with relevant accounting standards; and
- The Company's risk management and internal control systems are sound, appropriate and operating efficiently and effectively.

GENDER DIVERSITY

The Company is focusing on maintaining an appropriate level of diversity across all levels of its workforce. The Company's actions will be guided by maintaining its current high standard of competence and performance.

The levels of gender diversity as at 30 June 2017 are set out below:

Gender Diversity	30 Jun 17 Male	30 Jun 17 Female
Total employees	53%	47%
Senior Managers	59%	41%
Board	60%	40%

The Board has set a target to maintain a strong level of gender diversity across the Group. It is the responsibility of the Nomination and Remuneration Committee to review on an annual basis the objectives in relation to achieving gender diversity and to measure the achievement of these objectives.

REMUNERATION POLICIES AND PROCEDURES

Objectives and policies

The Company has established processes to ensure that the level and composition of remuneration are sufficient, reasonable, and explicitly linked to performance. The objectives of the Company's remuneration policies are to attract, motivate and retain appropriately qualified and experienced executives and other employees capable of discharging their respective responsibilities to enable the Company to achieve its business strategy.

Remuneration structure

The Nomination and Remuneration Committee is primarily responsible for the review and making of recommendations in relation to issues that impact executive remuneration and development, including remuneration packages and other terms of employment for Directors.

Non-executive Directors

The Nomination and Remuneration Committee is responsible for recommending to the Board fees applicable to Non-executive Directors. Directors are remunerated at market rates for their services to the Company. Non-executive Directors are paid a fixed annual fee for their services.

Executive Directors and Management

The Nomination and Remuneration Committee is responsible for recommending to the Board remuneration policies, fees, salaries, short-term and long-term incentives applicable to Executive Directors and senior management of the Company.

The remuneration policies are designed to drive a performance culture, and to ensure that the way in which employees are recognised and rewarded through remuneration is in the best interests of the shareholders, the Company and the individual. The remuneration policies achieve this by:

- providing remuneration that is market competitive to ensure the Company has the ability to retain and motivate strong performing employees and attract high calibre employees;
- implementing an incentive scheme to ensure the most senior executive remuneration is linked to both individual performance and Company performance; and
- undertaking an annual evaluation process on the performance of all executives, the results of which contribute to the determination of any salary adjustment an individual executive may receive.

Incentive plans

Full details of the benefits and remuneration for Executive and Non-executive Directors are set out in the Remuneration Report.

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Auditor's Independence Declaration to the Directors of Macquarie Media Limited

As lead auditor for the audit of Macquarie Media Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Macquarie Media Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Douglas Bain

Douglas Bain
Partner
8 August 2017

	Notes	2017 $'000	Restated 2016 $'000
Continuing Operations			
Revenue	5	129,742	131,058
Other income	5	1,372	2,058
Employee benefits	6	74,587	73,570
Depreciation and amortisation	6	3,023	2,347
Legal, professional and consulting		1,089	1,806
Rent	6	4,450	4,791
Royalties, licences and commissions		1,726	6,067
Programming content		7,722	7,527
Utilities and telephone		1,911	2,050
Marketing and promotions		1,517	2,427
Insurances		873	915
Share of net (profits)/losses of associates	14	(207)	2
Redundancy and restructuring costs		962	370
Other		7,011	8,392
Finance costs	6	1,700	1,708
Profit before tax		24,750	21,144
Income tax expense	7	(7,427)	(6,870)
Profit for the year from continuing operations		**17,323**	**14,274**
Discontinued Operations			
Loss for the year after tax from discontinued operations	16	(569)	(415)
Profit for the year	29	**16,754**	**13,859**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Gain/(loss) on available-for-sale financial assets		486	(729)
Income tax relating to these items		(146)	219
Other comprehensive income/(loss) for the year, net of income tax		340	(510)
Total comprehensive income for the year		**17,094**	**13,349**
Earnings per share			
Basic earnings per share (cents per share)	26	9.80	8.10
Diluted earnings per share (cents per share)	26	9.80	8.10
Earnings per share from continuing operations			
Basic earnings per share (cents per share)	26	10.13	8.35
Diluted earnings per share (cents per share)	26	10.13	8.35

The accompanying notes form part of these financial statements.

	Notes	30 June 2017 $'000	Restated (i) 30 June 2016 $'000	Restated (i) 30 June 2015 $'000
CURRENT ASSETS				
Cash and cash equivalents	9	18,129	16,606	1,357
Trade and other receivables	10	28,223	28,796	28,053
Assets held for sale	19	2,706	4,686	2,732
Current tax asset receivable		-	-	1,617
Inventories		-	84	93
Other assets	11	2,453	2,020	3,194
Other receivables	12	176	-	-
TOTAL CURRENT ASSETS		51,687	52,192	37,046
NON-CURRENT ASSETS				
Other receivables	12	1,867	1,480	1,290
Investments accounted for using the equity method	14	1,502	1,295	1,297
Available-for-sale financial assets	13	2,026	1,540	2,269
Property, plant and equipment	17	23,703	20,834	12,944
Radio licences	20	108,066	108,066	112,069
Other intangible assets	20	89,023	90,807	90,335
Other assets	11	256	319	383
TOTAL NON-CURRENT ASSETS		226,443	224,341	220,587
TOTAL ASSETS		278,130	276,533	257,633
CURRENT LIABILITIES				
Trade and other payables	21	10,534	20,444	15,092
Current tax liability	22	4,623	1,814	-
Liabilities directly associated with held for sale assets	19	248	456	187
Provisions	23	7,378	8,157	8,276
TOTAL CURRENT LIABILITIES		22,783	30,871	23,555
NON-CURRENT LIABILITIES				
Borrowings	24	40,791	40,791	39,391
Deferred tax liability	18	28,973	28,111	28,173
Other payables		456	287	46
Provisions	23	992	882	806
TOTAL NON-CURRENT LIABILITIES		71,212	70,071	68,416
TOTAL LIABILITIES		93,995	100,942	91,971
NET ASSETS		**184,135**	**175,591**	**165,662**
EQUITY				
Issued capital	25	85,587	85,587	85,587
Reserves	28	412	72	582
Retained earnings	29	98,136	89,932	79,493
TOTAL EQUITY		**184,135**	**175,591**	**165,662**

(i) Refer to Note 2(a)

The accompanying notes form part of these financial statements.

	Fully Paid Ordinary Share Capital	Asset Revaluation Reserve	Restated (i) Retained Earnings	Restated (i) Total
	$'000	$'000	$'000	$'000
Balance at 1 July 2015 (restated(i))	85,587	582	79,493	165,662
Profit for the year (restated (i))	-	-	13,859	13,859
Other comprehensive loss	-	(510)	-	(510)
Total comprehensive income/(loss) for the year	-	(510)	13,859	13,349
Payment of dividends	-	-	(3,420)	(3,420)
Balance at 30 June 2016	**85,587**	**72**	**89,932**	**175,591**
Balance at 1 July 2016	85,587	72	89,932	175,591
Profit for the year	-	-	16,754	16,754
Other comprehensive gain	-	340	-	340
Total comprehensive income for the year	-	340	16,754	17,094
Payment of dividends	-	-	(8,550)	(8,550)
Balance at 30 June 2017	**85,587**	**412**	**98,136**	**184,135**

(i) Refer to Note 2(a)

The accompanying notes form part of these financial statements.

	Notes	2017 $'000	2016 $'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		147,966	147,943
Payments to suppliers (inclusive of GST)		(131,389)	(118,122)
Income taxes paid		(4,067)	(3,240)
Interest received		24	45
Dividends received		134	194
Royalties received		910	1,547
Finance costs		(1,704)	(1,714)
Net cash generated by operating activities	35(b)	11,874	26,653
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(7,164)	(10,667)
Payment for intangible assets		(423)	(767)
Proceeds from sale of subsidiary		5,560	2,300
Net cash used in investing activities		(2,027)	(9,134)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	1,400
Dividends paid		(8,550)	(3,420)
Net cash used in financing activities		(8,550)	(2,020)
Net increase in cash held		1,297	15,499
Transfer from/(reclassification to) held for sale		226	(250)
Cash at beginning of year		16,606	1,357
Cash at the end of the year	35(a)	**18,129**	**16,606**

The accompanying notes form part of these financial statements.

NOTE 1 CORPORATE INFORMATION

Macquarie Media Limited (the Company) is a listed public company, incorporated in Australia and operating in Australia. The consolidated financial statements were authorised for issue by the directors on 8 August 2017.

Macquarie Media Limited's registered office and its principal place of business are as follows:

Ground Floor, Building C
33-35 Saunders Street
Pyrmont, NSW 2009

NOTE 2 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

a) Changes in accounting policy and disclosure

Macquarie Media Limited has historically treated indefinite life intangible assets acquired through business combinations as recoverable through sale. This accounting treatment is one which is commonly applied within the Australian market. As a result the Group recognised a deferred tax liability of $5.8 million in respect of the Group's radio licences at 30 June 2015 and 30 June 2016. This was calculated as the difference between the radio licences accounting carrying values of $108.066 million and their CGT tax cost bases of $88.667 million.

In November 2016 IFRIC issued a final agenda decision clarifying that indefinite life assets are subject to consumption by the entity. IFRIC therefore concluded that the assumption of sale could not be presumed in calculating the deferred tax on indefinite life intangible assets and the normal principles of AASB 112 needed to be applied.

As a consequence of this decision management has amended its accounting policy to comply with the revised guidance and determined that the Group's radio licences are held for use. The impact was to increase deferred tax liabilities by $26.6 million and to increase goodwill by $26.6 million as at 30 June 2017, 30 June 2016 and 1 July 2015.

During the 2017 year, management commenced recognition of One Big Switch commission revenue on an accruals basis. Management concluded accrual accounting provides more relevant and reliable information in relation to the trail commissions as it better aligns with the period that the revenues are earned. The change resulted in recognition of an additional $0.773 million revenue in 2016 and an additional $0.666 million revenue in 2015.

The restatement to the affected financial statement line items for the prior periods is as follows:

Impact on equity:

	30 June 2016	1 July 2015
	$'000s	$'000s
Other intangible assets	26,600	26,600
Current tax asset receivable	-	(200)
Trade and other receivables	773	666
Total assets	**27,373**	**27,066**
Deferred tax liability	26,600	26,600
Current tax liability	232	-
Total Liabilities	**26,832**	**26,600**
Net increase in equity	**541**	**466**

NOTE 2 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

a) Changes in accounting policy and disclosure (continued)
Impact on statement of profit or loss:

	30 June 2016
	$'000s
Other income	773
Income tax expense	(232)
Net increase in profit for the year	**541**

Impact on earnings per share:

	30 June 2016
Earnings per share (cents per share)	
Basic, profit for the year attributable to ordinary shareholders of the parent	0.32
Diluted, profit for the year attributable to ordinary shareholders of the parent	0.32
Earnings per share from continuing operations (cents per share)	
Basic, profit for the year from continuing operations attributable to ordinary shareholders of the parent	0.31
Diluted, profit for the year from continuing operations attributable to ordinary shareholders of the parent	0.31

The accounting policy changes did not have an impact on OCI or the groups operating, investing or financing cashflows.

All other accounting policies are consistent with those applied in the previous financial year.

b) Accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. The Group has elected not to early adopt these new standards or amendments in the financial statements. The Group has yet to fully assess the impact the following accounting standards and amendments to accounting standards will have on the financial statements, when applied in future periods. They include:

• AASB 9 Financial Instruments
• AASB 15 Revenue from Contracts with Customers
• AASB 16 Leases

Under AASB 9, all equity investments except those accounted for under the equity method are required to be measured at fair value. Equity investments that do not have a readily determinable fair value may, as a practical expedient, be measured at cost, adjusted for changes in observable prices minus impairment. The Group has not reached a determination as to the impact of this accounting standard.

The Group is undertaking a comprehensive review of the implementation impacts of AASB 15. AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures regarding revenue are also introduced. The Group has not reached a determination as to the impact of this accounting standard.

AASB 16 requires all leases that have a term of over 12 months to be recognized on the balance sheet with the liability for lease payments and the corresponding right-of-use asset initially measured at the present value of amounts expected to be paid over the term. Recognition of the costs of these leases on the income statement will be dependent upon their classification as either an operating or a financing lease. Costs of an operating lease will continue to be recognized as a single operating expense on a straight-line basis over the lease term. Costs for a financing lease will be disaggregated and recognized as both an operating expense (for the amortization of the right-of-use asset) and interest expense (for interest on the lease liability). The Group has not reached a determination as to the impact of this accounting standard.

Other standards and interpretations that have been issued but are not yet effective are not expected to have any significant impact on the Group's financial statements in the year of their initial application.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The ultimate parent entity of the group is Fairfax Media Limited.

Compliance with International Financial Reporting Standards (IFRS)
The financial statements also comply with IFRS as issued by the International Accounting Standards Board.

The financial statements comprise the consolidated financial statements of Macquarie Media Limited and its subsidiaries, collectively 'The Group'. For the purposes of preparing the consolidated financial statements, the entity is a 'for-profit' entity. The presentation currency used for the preparation of this financial report is Australian dollars.

The financial report has been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

During the year Satellite Music Australia Pty Ltd (SMA) (refer to note 39) was treated as held for sale and a discontinued operation. As a result, the 2016 income statement was restated to present the results of SMA within discontinued operations. This led to $3.5 million of revenue and $0.6 million of profit being presented as discontinued in 2016.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

a) Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company ('its subsidiaries'). Control is achieved when the Company:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:
- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

b) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

c) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given and liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Contingent consideration transferred is recognised initially at fair value. Contingent consideration classified as a liability is remeasured to fair value each period until settlement with changes recognised in profit or loss. The acquiree’s identifiableassets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 ‘Business Combinations’ are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 ‘Non-current Assets Held for Sale and Discontinued Operations’, which are recognised at their fair value less costs to sell. Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group’s interest in the fair value of the acquiree’s net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit and loss. There is a twelve month period in which Goodwill can be remeasured.

d) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

e) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of estimated future cash outflows to be made by the Group in respect of services provided by the employees up to the reporting date.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial assets
All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

(i) Available-for-sale financial assets
Certain shares held by the Group are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive payments is established.

(ii) Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

(iii) Impairment of financial assets
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available-for-sale equity instruments, 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

g) Financial liabilities
(i) Debt and equity instruments
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangements.

(ii) Financial liabilities
Financial liabilities including borrowings are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher 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 for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

i) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Income tax (continued)

(iii) Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

j) Property, plant and equipment

Land and buildings held for use in the supply of services are stated in the consolidated statement of financial position at their cost less accumulated depreciation and accumulated impairment losses. Plant and equipment and leasehold improvements are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of plant and equipment over its expected useful life to the consolidated entity. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is shorter, using the straight line method. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessment for major items. Freehold land is not depreciated. The depreciation rates used are as follows:

Fixed Asset Class	Rates	Basis
Plant and equipment	7 - 33%	Straight Line
Leasehold improvements	6 - 25%	Straight Line

Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the items of plant and equipment to which they relate.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing sales proceeds with the carrying amount. These are included in profit or loss.

k) Intangible assets

(i) Licences

The radio licences are recognised upon consolidation of the controlled entities. The licences are carried at cost, less accumulated impairment. The radio licenses have indefinite useful lives and are therefore not amortised. Instead, they are tested annually for impairment as stated in Note 3(h).

(ii) Website and software development expenditure

Costs incurred in acquiring, developing and implementing new websites and software are recognised as intangibles only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services and licenses.

Website and software developments have a finite life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of website and software development over its estimated useful life, which is 2 to 6 years.

(iii) Other contractual relationships

Intangible assets acquired through contractual rights are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of the first and last fee over its estimated useful life.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Leased assets
Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

m) Provisions
Provision for legal claims are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item in the same class of obligation may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting period date.

n) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

(i) Advertising revenue
Revenue from rendering of a service is recognised in the month that the advertisement is broadcast.

(ii) Dividend and interest revenue
Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established. Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(iii) Royalty revenue
Revenue from royalties is recognised on an accruals basis in accordance with the substance of the relevant agreement. Royalty revenue was previously recognised on a cash basis as per Note 2(a).

(iv) Commission revenue
Revenue from commission is recognised on an accruals basis in accordance with the substance of the relevant agreement. Commission revenue was previously recognised on a cash basis as per Note 2(a).

(v) Programming and cost recoveries
Revenue from programming and cost recoveries, including syndicated programming content, is recognised in the month that it is broadcast.

o) Goods and services tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- **(i)** Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- **(ii)** For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Goods and services tax (continued)
Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

p) Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

q) Dividends
Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

r) 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 year, adjusted for bonus elements in ordinary shares issued during the year.

(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.

s) Assets held for sale and discontinued operations
The Group classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

NOTE 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a) Critical judgements in applying the entity's accounting policies
The following are the critical judgements (apart from those involving estimations, which are dealt with below) that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:
- Impairment of radio licenses and goodwill.

NOTE 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year:

(i) Impairment of radio licenses and goodwill

Goodwill and other intangible assets with an indefinite life (radio licences) are required to be tested for impairment annually, or whenever an indicator of impairment is identified. An impairment is recognised when the recoverable amount of a cash generating units is less than the carrying value of the cash generating unit. The recoverable amount of a CGU is determined based on value in use calculations, using a discounted cash flow methodology which requires the use of assumptions. The calculations use cash flow projections based on the annual budget approved by the Board and adjusted cash flow forecasts for five years. Cash flows beyond the forecast period are extrapolated using the estimated terminal value growth rates. A discount rate is applied that reflects the current market assessment of the time value of money and specific risks relevant to the cash generating units. Each of these factors are subject to significant judgement about future economic conditions including within the radio industry. The Directors have applied their best estimates to each of these variables but cannot warrant their outcome.

	2017 $'000	Restated (i) 2016 $'000

NOTE 5 REVENUE

	2017 $'000	Restated (i) 2016 $'000
Sales revenue		
- advertising revenue	116,296	117,228
- programming and cost recoveries	12,209	12,420
- commission revenue from related party (refer Note 34(d))	1,237	1,410
	129,742	131,058
Other income		
- royalties	904	1,710
- dividends	134	194
- representation fees	-	110
- interest	23	44
- profit on sale of property, plant and equipment	4	-
- other income	307	-
	1,372	2,058

(i) refer note 2(a)

NOTE 6 EXPENSES

Profit before income tax includes the following specific expenses:

	2017 $'000	Restated (i) 2016 $'000
Finance costs paid or payable to:		
- other persons	1,700	1,708
Total finance costs	1,700	1,708
Depreciation of property, plant and equipment	2,246	1,808
Amortisation of non-current assets:		
- leasehold improvements	473	347
- intangible assets	304	192
Total depreciation and amortisation	3,023	2,347
Rental expense on operating leases	4,450	4,791
Employee benefits expense:		
Post employment benefits		
- Defined contribution plans	3,728	3,637
Other employee benefits	70,859	69,933
Total employee benefits expense	74,587	73,570

	2017 $'000	Restated (i) 2016 $'000

NOTE 7 INCOME TAX EXPENSE

a) Income tax expense

	2017 $'000	Restated (i) 2016 $'000
Current tax	6,593	6,338
Deferred tax (Note 18(a))	716	368
	7,309	6,706
Tax expense – continuing operations	7,427	6,870
Tax benefit– discontinued operations (Note 16)	(118)	(164)
	7,309	6,706

b) Numerical reconciliation of income tax benefit to prima facie tax payable

	2017 $'000	Restated (i) 2016 $'000
Accounting profit before income tax – continuing operations	24,750	21,144
Accounting loss before income tax – discontinued operations (Note 16)	(687)	(579)
Total accounting profit before tax	24,063	20,565
Tax at the Australian tax rate of 30% (2016: 30%)	7,219	6,170
Tax effect of differences:		
- Entertainment	164	224
- Share of net (profits)/losses of associates and joint ventures	(62)	1
- Capital gains not taxable	80	42
- Adjustments in respect of deferred income tax of previous years	-	779
- Adjustments in respect of current income tax of previous years	(93)	(529)
- Non-deductible items	1	19
- Other temporary differences	-	-
Effective income tax rate of 30% (2016: 33%)	7,309	6,706

(i) refer note 2(a)

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore treated as a single entity. The head entity of the tax-consolidated group is Macquarie Media Limited. The members of the tax-consolidated group are listed in Note 15. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the group are recognised in the separate financial statements of the members of the group, using the 'separate taxpayer within group' approach. This approach is by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses are recognised by the Company, as head entity of the tax-consolidated group.

NOTE 8 SIGNIFICANT ITEMS

The following significant items are items of income or expense which are, either individually or in aggregate, material to the Company and are part of the ordinary activities of the business but unusual due to their size or nature.

	2017 $'000	Restated (i) 2016 $'000
Redundancy and restructuring costs	962	375
Loss on sale of property, plant and equipment	-	489
Licence fee FY16 25% reduction (included at royalties, licences & commissions)	(941)	-
	21	864

	2017 $'000	2016 $'000
NOTE 9 CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	18,129	16,606

	2017 $'000	Restated 2016 $'000
NOTE 10 CURRENT TRADE AND OTHER RECEIVABLES		
Trade receivables	25,803	27,477
Less: allowance for doubtful receivables	(751)	(957)
	25,052	26,520
Receivable from related parties (refer Note 34)	1,937	986
Other receivables (refer note 2(a))	1,234	1,290
	28,223	28,796
Age of receivables that are past due but not impaired:		
- 60-90 days	241	715
- 90 + days	1,363	1,230
- Total	1,604	1,945
Movement in the allowance for doubtful debts:		
Balance at the beginning of the year	957	931
Receivables written off as uncollectable	(354)	(180)
Amounts reversed during the year – discontinued operations	(92)	(110)
Amounts provided during the year – continuing operations	240	316
Balance at the end of the year	751	957

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

a) Bad and doubtful trade receivables

An allowance has been made for estimated irrecoverable trade receivable amounts arising from past rendering of services determined by reference to past default experience. Before accepting any new customers, the Group will obtain third party references to assess the potential customer's credit quality and define customer limits by the customer. All amounts included in the provision for doubtful debts are aged greater than 90 days.

b) Credit terms

The average credit period on sale of air-time is 30-45 days. No interest is charged on the trade receivables for the first 30-45 days from the date of the invoice.

c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. They are interest free and repayable at call.

	2017 $'000	Restaed (i) 2016 $'000

NOTE 11 OTHER ASSETS

	2017 $'000	Restaed (i) 2016 $'000
Current – prepayments	2,453	2,020
Non-current – prepayments	256	319
	2,709	2,339

NOTE 12 OTHER RECEIVABLES

	2017 $'000	Restaed (i) 2016 $'000
Current		
Loans advanced to employees – interest bearing	176	-
	176	-
Non-current		
Loans advanced to employees – interest bearing	397	707
Other receivables ((i)refer note 2(a))	1,470	773
	1,867	1,480

NOTE 13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 $'000	Restaed (i) 2016 $'000
Listed securities at fair value		
- Equity securities	2,026	1,540
	2,026	1,540
a) Movements in available-for-sale financial assets		
Balance at the beginning of the year	1,540	2,269
Valuation gain/(loss) recognised	486	(729)
	2,026	1,540

b) Listed Securities

The fair value of listed investments are based on observable market prices.

NOTE 14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2017 $'000	Restaed (i) 2016 $'000
Shares in associates	1,502	1,295
Total investments accounted for using the equity method	1,502	1,295

Name of Company	Principal Activity	Country of Incorporation	Ownership Interest 2017 %	Ownership Interest 2016 %
Digital Radio Broadcasting Sydney Pty Ltd (i)(ii)	Digital audio broadcasting	Australia	11.5	11.7
Digital Radio Broadcasting Melbourne Pty Ltd (i)	Digital audio broadcasting	Australia	18.2	18.2
Digital Radio Broadcasting Brisbane Pty Ltd	Digital audio broadcasting	Australia	25.0	25.0
Digital Radio Broadcasting Perth Pty Ltd (i)	Digital audio broadcasting	Australia	16.7	16.7

(i) The Group has significant influence in the entity due to its right to participate in policy setting for the entity.
(ii) The Group disposed of a portion of its interest in the entity during the year ended 30 June 2017.

NOTE 14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	2017 $'000	2016 $'000
(i) Share of associates' profits/(losses)		
Revenue	969	1,064
Profit before income tax expense	271	50
Income tax expense	(64)	(52)
Net profit/(loss) after income tax expense	207	(2)
Share of associates' profits/(loss) – continuing operations	206	(2)
Share of associates' profits – discontinued operations	1	-
Net profit/(loss) after income tax expense	207	(2)
(ii) Share of associates' assets and liabilities		
Current assets	1,017	855
Non-current assets	741	513
Total assets	1,758	1,368
Current liabilities	82	73
Non-current liabilities	174	-
Total liabilities	256	73
Net assets	1,502	1,295
Contingent Liabilities	-	-

NOTE 15 CONTROLLED ENTITIES

Details of the Company's subsidiaries at 30 June 2017 are as follows:

	Country of Incorporation	Ownership Interest 2017 %	 2016 %
Buyradio Pty Limited	Australia	100	100
Macquarie Media Operations Pty Limited	Australia	100	100
Macquarie Media Syndication Pty Limited	Australia	100	100
Harbour Radio Pty Limited	Australia	100	100
Macquarie Media Network Pty Limited	Australia	100	100
Map and Page Pty Limited	Australia	100	100
Radio 1278 Melbourne Pty Limited	Australia	100	100
Radio 2CH Pty Limited*	Australia	-	100
Radio 2UE Pty Limited	Australia	100	100
Radio 3AW Melbourne Pty Limited	Australia	100	100
Radio 4BC Brisbane Pty Limited	Australia	100	100
Radio 6PR Perth Pty Limited	Australia	100	100
Radio Magic 882 Brisbane Pty Limited	Australia	100	100
Satellite Music Australia Pty Limited	Australia	100	100

The principal activities of the subsidiaries are outlined in the Director's Report on page 3.

*Radio 2CH Pty Limited was sold on 19 January 2017.

NOTE 16 DISCONTINUED OPERATIONS

The following businesses were classified as discontinued operations during the year:

- On 19 January 2017 the Group completed the sale of Radio 2CH Pty Ltd for proceeds of $5.56 million.
- The sale of Satellite Music Australia Pty Ltd completed on 31 July 2017 for proceeds of $5.9 million.

The discontinued results for the period ended 30 June 2017 include the operations of Radio 2CH Pty Ltd until 19 January 2017 and Satellite Music Australia Pty Ltd until 30 June 2017. For the year ended 30 June 2016, the operations of Radio 2CH Pty Ltd, Macquarie Regional Radio Pty Ltd and Satellite Music Australia Pty Ltd were classified as discontinued.

	2017 $'000	2016 $'000
Total revenue and income	4,451	6,408
Expenses	(4,872)	(6,846)
Net loss before income tax expense	(421)	(438)
Loss on sale of discontinued operations	(266)	(141)
Income tax benefit	118	164
Net loss after income tax expense	(569)	(415)

	2017	2016
Earnings per share		
Basic earnings per share from discontinued operations (cents per share)	(0.33)	(0.24)
Diluted earnings per share from discontinued operations (cents per share)	(0.33)	(0.24)

	2017 $'000	2016 $'000
Cash flows of discontinued operations		
The net cash flows incurred by discontinued operations are as follows:		
Operating	(386)	(942)
Investing	(250)	900
Financing	-	-
Net cash outflow	(636)	(42)

NOTE 17 PROPERTY, PLANT & EQUIPMENT

	2017 $'000	2016 $'000
Freehold land and buildings – at cost	5,931	5,902
Accumulated amortisation	(1,064)	(946)
	4,867	4,956
Leasehold improvements – at cost	9,542	7,655
Accumulated amortisation	(2,661)	(2,214)
	6,881	5,441
Plant and equipment – at cost	29,737	28,165
Accumulated depreciation	(17,782)	(17,728)
	11,955	10,437
Net book amount	23,703	20,834

a) Movements in property, plant and equipment

	Freehold Land & Buildings $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Total $'000
Opening net book amount at 1 July 2015	**5,065**	**2,277**	**5,602**	**12,944**
Additions	8	3,782	6,865	10,655
Disposals	-	(185)	(304)	(489)
Reclassified as held for sale	-	(86)	-	(86)
Depreciation and amortisation charge – discontinued operations	-	-	(35)	(35)
Depreciation and amortisation charge – continuing operations	(117)	(347)	(1,691)	(2,155)
Closing net book amount at 30 June 2016	**4,956**	**5,441**	**10,437**	**20,834**
Additions	29	1,957	3,636	5,622
Disposals	-	-	(2)	(2)
Reclassified as held for sale	-	-	(22)	(22)
Assets transferred between asset classes	-	(44)	34	(10)
Depreciation and amortisation charge – continuing operations	(118)	(473)	(2,128)	(2,719)
Closing net book amount at 30 June 2017	**4,867**	**6,881**	**11,955**	**23,703**

NOTE 18 DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017 $'000	2016(i) $'000	2017 $'000	2016(i) $'000	2017 $'000	2016(i) $'000
Consolidated						
Property, plant and equipment	518	441	(76)	(40)	442	401
Intangible assets	-	-	(32,420)	(32,400)	(32,420)	(32,400)
Investments	12	157	-	-	12	157
Other assets	-	-	(341)	(330)	(341)	(330)
Provisions	3,295	3,931	2	(30)	3,297	3,901
Payables	(44)	27	-	-	(44)	27
Expenses deductible over 5 years	81	133	-	-	81	133
Net tax assets/(liabilities)	3,862	4,689	(32,835)	(32,800)	(28,973)	(28,111)
Set-off of deferred tax assets/liabilities	(3,862)	(4,689)	3,862	4,689	-	-
Net deferred tax assets/liabilities	-	-	(28,973)	(28,111)	(28,973)	(28,111)

(i) Refer to note 2(a)

	Notes	2017 $'000	Restated 2016 (i) $'000
a) Movements in temporary differences:			
Opening balance 1 July		(28,111)	(28,173)
Transfer to assets held for sale		-	211
Charged to the profit or loss	7	(716)	(368)
Charged to other comprehensive income		(146)	219
Closing balance at 30 June		(28,973)	(28,111)

(i) Refer Note 2(a)

NOTE 19 ASSETS AND LIABILITIES HELD FOR SALE

	2017 $'000	2016 $'000
Assets held for sale		
Cash	24	250
Trade and other receivables	861	359
Other intangible assets	1,788	-
Property, plant and equipment and intangible assets	33	4,077
	2,706	4,686
Liabilities held for sale		
Trade and other payables	125	391
Provisions	123	65
	248	456

Assets held for sale comprise the business of Satellite Music Australia Pty Ltd for which the sale completed on 31 July 2017. Prior year assets held for sale comprise the business of Radio 2CH Pty Ltd that was sold on 19 January 2017. Prior to being transferred to held for sale, the business was remeasured at the lower of carrying amount and fair value less costs to sell.

	Notes	2017 $'000	Restated (i) 2016 $'000
NOTE 20 INTANGIBLES			
Radio licences - at cost	(a)	137,729	137,729
Less: accumulated impairment		(29,663)	(29,663)
		108,066	108,066
Other Intangible Assets			
Website and software - at cost	(b)	2,086	2,899
Less: accumulated amortisation and impairment		(1,219)	(2,086)
		867	813
Goodwill	(c)	87,756	89,544
Other contractual relationships - at cost	(d)	400	450
		89,023	90,807

(i)Restated per Note 2(a)

a) Movements in Website and Software assets

	$'000
Balance at 1/7/15	291
Additions	767
Amortisation expense – discontinued operations	(53)
Amortisation expense (i)	(192)
Balance at 30/6/16	813
Additions	423
Reclassification as held for sale	(65)
Amortisation expense (i)	(304)
Balance at 30/6/17	867

(i) Amortisation expense is included in the line item 'depreciation and amortisation expense' in the statement of comprehensive income.

b) Movement in Radio Licenses and Goodwill

Movement in Radio Licences	$'000
Balance at 1/7/15	112,069
Reclassified as held for sale	(4,003)
Balance at 30/6/16	108,066
Balance at 30/6/17	108,066

Radio licenses consist of commercial radio licences which have been acquired through business combinations. They have been assessed as indefinite life as there is no foreseeable limit to which they are expected to generate cash inflows. Radio licences are tested for impairment as part of the cash generating units (CGU) identified whenever an indicator of impairment is identified, or at least on an annual basis.

Movement in Goodwill	$'000
Balance at 1/7/15	89,544
Balance at 30/6/16	89,544
Reclassified as held for sale	(1,788)
Balance at 30/6/17	87,756

Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill is not amortised but is tested for impairment annually. Goodwill is allocated to the lowest level at which it is monitored, being one cash CGU, and impairment testing has been performed at that level.

NOTE 20 INTANGIBLES (CONTINUED)

Impairment testing

Goodwill acquired through business combinations is tested for impairment at the overall Group level. Radio licences with indefinite lives are allocated to two CGUs, being Eastern Seaboard stations and the Perth station, for impairment testing.

As at 30 June 2016 and 30 June 2017:

Allocation to CGU Groups	**Goodwill**	**Radio Licences**	**TOTAL $'000**
Eastern Seaboard Stations	22,930	94,766	117,696
Perth Station	3,670	13,300	16,970
Overall (goodwill)	61,156	-	61,156
Total	**87,756**	**108,066**	**195,822**

The recoverable amount of the CGUs have been determined based on a value in use calculation using cash flow projections covering a five-year period. The key assumptions used within the discounted cash flow calculations are the FY18 EBITDA, future growth rates, terminal growth rate and the discount rate.

- The Year 1 cashflows are based on the annual Board approved budget adjusted for potential risk, being the competitive trading environment, legislation and economic growth. The cash flow projections in subsequent years are based on management's forecasts using assumptions around market growth and market share by station and take into account past performance and market trends.

- The post-tax discount rate of 13.0% (2016: 14.0%) reflects the market assessment of the time value of money and specific risk within the cashflow projections applicable to the relevant licence. The discount rate is market driven and is calculated following the input of the following variables: target capital structure, equity beta, market risk premium, risk-free rate of return and debt risk premium.

- The terminal growth rate of 2.5% (2016: 2.5%) applied to cashflows beyond the five year projection period has been determined based on industry specific forecasts.

No impairment or reversal of previous impairments was identified.

Sensitivity to changes in assumptions

Management has determined that a reasonable possible change in any key assumption would not lead to an impairment being required within the Eastern Seaboards stations CGU.

For the Perth and whole of business CGU, the following sensitivity changes may lead to an impairment charge. Each sensitivity assumes that all other assumptions are unchanged:
Perth Station

- Headroom of $0.4 million exists on the Perth CGU
- If EBITDA reduces by 1.6% in all forecast years it will lead to an impairment
- A 10% reduction in the terminal growth rate from 2.5% to 2.25% will result in an impairment charge
- A 2% increase in the discount rate from 13% to 13.25% will result in an impairment charge

Whole of business

- Headroom of $19.8 million exists on the whole of business CGU group used for goodwill testing
- If EBITDA reduces by 4.2% in all forecast years it will lead to an impairment
- A 52% reduction in the terminal growth rate from 2.5% to 1.2% will result in an impairment charge
- A 7% increase in the discount rate from 13% to 13.9% will result in an impairment charge

d) Movement in other contractual relationships

	$'000
Balance at 1/7/15	500
Amortisation expense	(50)
Balance at 30/6/16	450
Amortisation expense	(50)
Balance at 30/6/17	400

NOTE 21 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Macquarie Media Limited	
	2017 $'000	2016 $'000
Unsecured liabilities		
Trade payables (i)	2,010	3,105
Payable to related party	-	4,711
Accruals and other payables	8,524	12,628
	10,534	20,444

(i) The average credit period on purchases is 30 days. No interest is charged on overdue payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

NOTE 22 CURRENT TAX LIABILITY

	2017 $'000	Restated (i) 2016 $'000
Current tax liability ((i)refer note 2(a))	4,623	1,814

NOTE 23 PROVISIONS

		2017 $'000	2016 $'000
Current provisions			
Employee benefits – long service leave		3,618	4,043
Employee benefits – annual leave		3,065	3,264
Provision for claims/defamations	(a)	695	850
		7,378	8,157
Non-current provisions			
Employee benefits – long service leave		892	782
Make good provision		100	100
		992	882

a) Movements in provision for claims/defamations

Movements in the provision for claims/defamations during the financial year are set out below:

	2017	2016
Carrying amount at start of year	850	980
Additional provision recognised	485	585
Amount reversed out of the provision during the year	(494)	(511)
Amount utilised out of the provision during the year	(146)	(204)
Carrying amount at end of year	695	850

The amount represents a provision for certain defamation claims brought against the Group. In the Directorsors' opinion, after taking appropriate legal advice, the outcome of these claims are unlikely to give rise to any significant loss beyond the amounts provided for at 30 June 2017. Certain entities in the consolidated entity are party to various other legal actions and claims which have arisen in the ordinary course of business. Any liabilities arising from such legal actions and claims are not expected to have a material adverse effect on the consolidated entity.

NOTE 24 BORROWINGS

Secured liabilities	Notes	2017 $'000	Restated 2016 $'000
Non-current - Bank loans	(b)	40,791	40,791

a) Bank Facility Security

(i) The bank facility is secured by a Cross Deed of Covenant ('Covenant') between the Company and its controlled entities including:

- Harbour Radio Pty Limited
- Macquarie Media Limited
- Buyradio Pty Limited
- Map and Page Pty Limited
- Macquarie Media Network Pty Limited
- Macquarie Media Operations Pty Limited
- Macquarie Media Syndication Pty Limited
- Radio 1278 Melbourne Pty Limited
- Radio 2UE Sydney Pty Limited
- Radio 3AW Melbourne Pty Limited
- Radio 4BC Brisbane Pty Limited
- Radio 6PR Perth Pty Limited
- Radio Magic 882 Brisbane Pty Limited
- Satellite Music Australia Pty Limited

The Covenant is supported by a first registered fixed and floating charge over all the present and future assets, undertakings (including goodwill) and unpaid or uncalled capital of Macquarie Media Limited.

(ii) The carrying amount of assets pledged as security is as follows:

- total current assets	51,687	52,192
- total non-current assets	226,443	224,341
- total assets	278,130	276,533

b) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank loan facilities		
Total facilities	50,000	41,000
Used at balance date	40,791	40,791
Unused at balance date	9,209	209

In December 2016 the ANZ loan facility was renegotiated - a $50 million revolving cash advance facility is available to Macquarie Media Limited until March 2019. Subject to continuous compliance with the terms of the facility agreement with the bank, the loan facilities may be drawn down at any time. The current interest rate on the bank loan facility is 3.72% (2016: 3.80%).

NOTE 25 CONTRIBUTED EQUITY

		Parent Entity 2017 Shares	Parent Entity 2016 Shares
a) Shares			
Ordinary shares – fully paid	(b)	171,002,774	171,002,774
Total shares on issue		171,002,774	171,002,774
$ value of shares on issue		$85,587,000	$85,587,000

b) Ordinary shares

Ordinary shares entitle the shareholders to participate in dividends and each share is entitled to one vote at shareholders' meetings. On the winding up of the Company, ordinary shareholders rank after creditors, and are fully entitled to any proceeds of liquidation.

NOTE 26 EARNINGS PER SHARE

	2017	Restated (i) 2016
a) Basic earnings per share (cents per share)		
Net profit attributable to owners of the parent	9.80	8.10
Net profit from continuing operations attributable to owners of the parent	10.13	8.35
b) Diluted earnings per share (cents per share)		
Net profit attributable to owners of the parent	9.80	8.10
Net profit from continuing operations attributable to owners of the parent	10.13	8.35
	$	$
c) Reconciliation of earning used in calculating earnings per share		
Basic earnings per share		
Net profit attributable to owners of the parent	16,754,000	13,859,000
Net profit from continuing operations attributable to owners of the parent	17,323,000	14,274,000
Diluted earnings per share		
Net profit attributable to owners of the parent	16,754,000	13,859,000
Net profit from continuing operations attributable to owners of the parent	17,323,000	14,274,000
	No.	No.
d) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	171,002,774	171,002,774
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	171,002,774	171,002,774

(i) Refer to note 2(a)

NOTE 27 SHARE BASED PAYMENTS

Share Appreciation Rights

During the 2016 financial year Shareholders approved a share appreciation rights (SAR) plan that enabled the Board to grant SARs to Eligible Participants. Vesting of any SAR granted under the Plan is subject to the satisfaction of performance hurdles, vesting conditions, and/or other conditions as determined by the Board. Each SAR represents a right to receive an Award (payable in cash or Shares or a combination of both in the absolute discretion of the Board) with a value equal to the positive difference between the Subsequent Market Value and the Base Price. The Board expects that it will typically settle a vested SAR in Shares. A summary of the principal terms of the Plan are set out in the Remuneration Report. The weighted average fair value of the share options granted during the financial year is $0.29 (2016: $0.29). Options were priced using a binomial option pricing model with the following key assumptions:

	SAR Assumptions
Dividend yield	5.5%
Expected volatility	42%
Risk-free interest rate	2.74%-2.80%
Expected life of the options	7-8 years
Spot Price	$0.96
Exercise Price	$1.00

The expense recognised in the year ended 30 June 2017 is $nil on the basis that that the SARs did not vest.

The following table shows the number of SARs during the year:

	Balance at 1 July No.	**Granted as compensation No.**	**Exercised No.**	**Lapsed No.**	**Balance at 30 June No.**	**Balance vested at 30 June No.**	**Vested but not exercisable No.**	**Vested and exercisable No.**	**Options vested during year No.**
2017									
Share appreciation rights	3,250,000	-	-	(3,250,000)	-	-	-	-	-
2016									
Share appreciation rights	-	3,250,000	-		3,250,000	-	-	-	-

NOTE 28 RESERVES

		2017 $'000	2016 $'000
Asset revaluation reserve	(a)		
Balance at the beginning of the year		72	582
Other comprehensive income, net of income tax		340	(510)
Balance at the end of the financial year		412	72

Nature of reserves

(a) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. From 1 July 2014, changes in the fair value of investments classified as available for sale investments are recognised in the asset revaluation reserve, as described in Note 3.

NOTE 29 RETAINED EARNINGS

	2017 $'000	Restated 2016 $'000
Movements in retained earnings were as follows:		
Balance at the beginning of the year	89,932	79,493
Net profit for the year	16,754	13,859
Dividends	(8,550)	(3,420)
Balance at the end of the financial year	98,136	89,932

NOTE 30 DIVIDENDS

a) Macquarie Media Limited (parent entity)	2017 $'000	2016 $'000
Interim franked dividend for the half year ended 31 December 2015 of 2.0 cents (2014: $nil cents) per fully paid ordinary share paid on 8 March 2016	-	3,420
Final franked dividend for the year ended 30 June 2016 of 2.0 cents (2015: Nil) per fully paid ordinary shares paid on 15 September 2016	3,420	-
Interim franked dividend for the half year ended 31 December 2016 of 3.0 cents (2016: 2.0 cents) per fully paid ordinary shares paid on 2 March 2017	5,130	-
	8,550	3,420
Dividends proposed but not declared or recognised until after year end	6,840	3,420

b) Franking credits

Franking credits of Macquarie Media Limited available for subsequent financial years based upon a tax rate of 30%	7,813	7,411

NOTE 31 KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to Directors and other members of key management personnel of the Company and the Group is set out below:

	2017 $	2016 $
Short-term employee benefits	1,913,157	1,845,639
Post-employment benefits	65,593	55,968
Other long term benefits	953	19,528
Share based payments	-	-
	1,979,703	1,921,135

NOTE 32 AUDITOR'S REMUNERATION

During the year, the following remuneration was paid or payable to the auditor of the parent entity:	2017 $	2016 $
Assurance Services		
Audit and review of financial reports under the Corporations Act 2001 and other regulatory assurance services	291,848	300,425

The auditor of Macquarie Media Limited is Ernst & Young.

NOTE 33 CAPITAL AND LEASING COMMITMENTS

	2017 $'000	2016 $'000
a) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not longer than one year	4,218	4,358
- longer than one year but not longer than five years	9,307	13,618
- greater than five years	1,222	1,536
	14,747	19,512

Leasing Arrangements

Operating leases relate to office and transmitter facilities with lease terms of between 1 to 15 years, with potential options to extend for a further 5 years on some of these leases. All operating lease contracts contain market review clauses in the event the company/Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

Financial Guarantees

The Group has issued a number of financial guarantees to third parties for various operational and financing purposes. To the extent that the Directors expect these third party guarantees to be called upon, a provision has been recorded in the consolidated statement of financial position as at 30 June 2017.

Capital Commitments

At 30 June 2017 the Group had no capital commitments (2016: $1.114million) relating to construction projects.

NOTE 34 RELATED PARTY TRANSACTIONS

a) Parent entities

The parent entity within the Group is Macquarie Media Limited.

b) Ultimate parent entities

The ultimate parent entity within the Group is Fairfax Limited.

c) Key management personnel

Disclosures relating to key management personnel are set out in Note 31 and in the Remuneration Report.

d) Commission revenue

The Company has a marketing service arrangement with One Big Switch Pty Ltd in relation to the marketing and delivery of products, including insurance, to persons aged 50 years and over. The Company and One Big Switch share the commission revenue derived from this arrangement on an equal basis. One Big Switch Pty Ltd is considered a related party of the Company as the Executive Chairman, Russell Tate, is also a Director of One Big Switch Pty Ltd. Revenue in relation to the marketing arrangement has been recognised as revenue in Note 5. Amounts receivable at the year end in respect of the arrangement are included within receivables in Note 10.

e) Transactions with related parties

The following transactions for the sale and purchase of goods and services occurred with related parties on normal market terms and conditions:

		Sales to related parties (restated) $'000	**Purchases from related parties $'000**	**Amount owed by related parties (restated) $'000**	**Amount owed to related parties $'000**
Ultimate Parent	2017	101	669	695	-
	2016	66	837	-	4,711
Associate	2017	-	761	92	547
	2016	-	784	132	419
Joint Venture	2017	-	251	1,243	-
	2016	-	251	986	-
Other related entities	2017	1,160	920	2,357	-
	2016	1,410	916	1,913	-
Total transactions	2017	1,261	2,601	4,387	547
	2016	1,476	2,788	3,031	5,130

NOTE 35 CASH FLOW INFORMATION

a) Reconciliation of cash

	2017 $'000	2016 $'000
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash on hand and at bank	18,129	16,606

b) Reconciliation of cash flow from operations

	2017 $'000	2016 $'000
Profit from ordinary activities after income tax	16,754	13,859
Non-cash flows in operations:		
Depreciation and amortisation – continuing operations	3,023	2,347
Depreciation and amortisation – discontinued operations	67	149
Contractual relationships amortisation	50	50
Bad debts expense	448	180
Loss on sale of subsidiary	267	141
Share of (profits)/losses of associates	(207)	2
Impairment of intangible assets – discontinued operations	866	-
Profit on sale of plant and equipment	3	489
Changes in assets and liabilities:		
Increase in receivables	(994)	(2,280)
(Decrease)/increase in doubtful debt provision	(261)	136
Decrease in other assets	67	72
(Decrease)/Increase to provisions	(541)	24
Movement in income tax balances	3,242	3,464
(Decrease)/Increase in trade payables and accruals	(10,910)	8,020
Cash flows generated by operations	11,874	26,653

NOTE 36 FINANCIAL INSTRUMENTS

a) Capital risk management

The Group manages its capital to ensure the entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 24, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. Operating cash flows are used to maintain and expand the Group's broadcasting and new media assets, as well as to make the routine outflows of tax and dividends.

The Group's policy is to borrow centrally, using its long-term credit facility, to meet anticipated funding requirements.

Gearing ratio

The gearing ratio at year end was as follows:

	2017 $'000	2016 $'000
Debt (i)	40,791	40,791
Cash and cash equivalents	(18,129)	(16,606)
Net debt	22,662	24,185
Equity (ii)	184,135	175,591
Net debt to equity ratio	12%	14%

(i) Debt is defined as long- and short-term borrowings, as detailed in Note 24.

(ii) Equity includes all capital and reserves.

NOTE 36 FINANCIAL INSTRUMENTS (CONTINUED)

b) Categories of financial instruments

	2017 $'000	Restated (i) 2016 $'000
Financial assets		
Trade and other receivables	30,266	30,276
Cash and cash equivalents	18,129	16,606
Available-for-sale financial assets	2,026	1,540
Financial liabilities		
Trade and other payables	10,534	20,444
Borrowings	40,791	40,791

(i) Refer to note 2(a)

c) Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's performance. Risk management is carried out by the Board of Directors.

d) Market risk

The Group's activities expose it to the financial risks of changes in interest rates. In the last two financial years the Group has not used any derivative financial instruments to hedge its exposure to interest rate risk. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

e) Interest rate risk management

The Group is exposed to interest rate risk as the Group borrows funds at floating interest rates. The Group does not hedge this risk through derivatives such as interest rate swaps.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on a 50 basis point change in interest rates taking place at the beginning of the financial year and held constant throughout the reporting period, which represents management's assessment of the possible change in interest rates. At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/ decrease by $204,000 (2016: increase/decrease of $204,000).

f) Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and controlled by counterparty limits that are reviewed and approved by the Chief Financial Officer. Trade receivables consist of a large number of customers, spread across diverse industries throughout Australia. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

NOTE 36 FINANCIAL INSTRUMENTS (CONTINUED)

g) Fair value of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2017 $’000	30 June 2016 $’000				
Equity securities	2,026	1,540	Level 1	Quoted bid prices in an active market	N/A	N/A

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The Directors consider that the carrying amounts of the following financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values:

		30 June 2017 $’000	30 June 2016 $’000
Financial assets			
Trade and other receivables	Level 2	30,266	30,276
Cash and cash equivalents	Level 1	18,129	16,606
Available-for-sale financial assets	Level 1	2,026	1,540
Financial liabilities			
Trade and other payables	Level 2	10,534	20,444
Borrowings	Level 2	40,791	40,791

h) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group’s short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table at Note 24 details the company’s and the Group’s drawn and undrawn facilities.

NOTE 36 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Consolidated
Liabilities

	Weighted average effective interest rate %	Less than 1 month $'000	1 - 3 months $'000	3 months - 1 year $'000	1 - 5 years $'000	5+ years $'000
2017						
Non-interest bearing		-	10,534	-	-	-
Variable interest rate instruments	3.76%	-	380	1,141	42,313	-
		-	10,914	1,141	42,313	-
2016						
Non-interest bearing		-	20,444	-	-	-
Variable interest rate instruments	3.80%	-	388	1,163	42,341	-
		-	20,832	1,163	42,341	-

NOTE 37 SEGMENT REPORTING

The consolidated entity operates in a single business segment being radio and associated media activities in a sole geographical location being Australia.

NOTE 38 PARENT ENTITY DISCLOSURES

Set out below is the supplementary information about the Parent Entity.

Change in accounting policy

During the prior year the parent entity, Macquarie Media Limited, adopted the accounting policy choice allowed under AASB 127 in accounting for its investments in subsidiaries at their fair value (rather than the historic application of the cost model). Following the reverse acquisition performed in 2015, management considers the fair value accounting policy provides more relevant information to the users of the accounts. The impact of this change in accounting policy was to:

- Increase the investments in subsidiaries as at the date of application, being 1 July 2014, by $25.8 million to $26.5 million;
- Increase the investments in subsidiaries as at 30 June 2015 by $7.4 million to $161.5 million with a gain on revaluation of $7.4 million being presented within the income statement; and
- Increase the investments in subsidiaries as at 30 June 2016 by $58.9 million to $220.3 million with a gain on revaluation of $58.9 million being presented within the income statement.
- Decrease the investments in subsidiaries as at 30 June 2017 by $4.0 million to $216.3 million with a loss on revaluation of $4.0 million being presented within the income statement.

This has not had any impact on the consolidated results or balance sheet of the group.

NOTE 38 PARENT ENTITY DISCLOSURES (CONTINUED)

Financial Position

	2017 $'000	2016 $'000
Assets		
Current assets	1,781	203
Non-current assets	200,246	222,138
Total assets	202,027	222,341
Liabilities		
Current liabilities	4,895	1,636
Non-current liabilities	40,791	40,791
Total liabilities	45,686	42,427
Equity		
Issued capital (a)	107,342	107,342
Retained earnings	54,596	78,176
Reserves		
General reserve	-	-
Share buy-back reserve	-	-
Available-for-sale revaluation reserve	(5,597)	(5,604)
Options reserve	-	-
Total equity	156,341	179,914

Financial performance

	2017 $'000	2016 $'000
(Loss)/profit for the year	(15,030)	52,447
Other comprehensive loss	-	-
Total comprehensive (loss)/income	(15,030)	52,447

NOTE 38 PARENT ENTITY DISCLOSURES (CONTINUED)

a) Movements in ordinary share capital

	Date	Number of Shares	Issue Price $	$'000
Balance as at 1 July 2014		77,806,262		4,827
Issue of ordinary shares to Fairfax Media Limited	31 March 2015	93,196,512	-	102,515
Balance at 30 June 2015, 30 June 2016 & 30 June 2017		171,002,774		107,342

Contingent liabilities
The Parent Entity had no contingent liabilities at 30 June 2017 and 30 June 2016.

Significant accounting policies
The accounting policies of the Parent Entity are consistent with those of the Consolidated Entity, as disclosed in Note 3.

NOTE 39 SUBSEQUENT EVENTS

On 31 July 2017, Satellite Music Australia Pty Ltd, a wholly owned member of the Group, was sold to Stingray Digital International Limited for cash consideration of $5.9 million. The purchase price is subject to customary completion adjustments and payment of $0.9 million of the purchase price is subject to the business achieving agreed revenue targets over the 18 months following completion.

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity;

(c) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in Note 3 to the financial statements; and

(d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Russell Tate
Chairman

Dated the 8th day of August 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Macquarie Media Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Macquarie Media Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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.

In our opinion:

the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act* 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional* Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

1. Impairment of Intangible Assets

Why significant	How our audit addressed the key audit matter
The Group has significant intangible assets (goodwill of $87.8m and radio licences of $108.1m) as at 30 June 2017. Given the challenging commercial radio environment, the intangible assets are susceptible to impairment risk. Under Australian Accounting Standards - AASB 136 *Impairment of Assets*, the Group is required to annually test the carrying value of goodwill and intangible assets with an indefinite life for impairment. This annual impairment test is significant to our audit as the assessment process is complex, requires significant judgment and includes assumptions that are based on future market conditions. Disclosure regarding intangible assets are included in note 20 to the financial report.	In performing our audit procedures: ▸ We assessed whether the methodology used by the Directors met the requirements AASB 136 *Impairment of Assets*; ▸ We tested the mathematical accuracy of the cash flow models; ▸ We assessed the Group's cash flow forecasts including consideration of the historical accuracy of previous estimates; ▸ We assessed the discount rate, revenue growth rate and the terminal growth rate applied, with involvement from our valuation specialists; ▸ We evaluated the sensitivity analysis performed by the Group to identify whether a reasonably possible change in assumptions could cause the carrying amount of the cash generating units to exceed their recoverable amount and therefore indicate impairment is required; and ▸ We evaluated the adequacy of the disclosures relating to intangible assets in the financial report, including those made with respect to judgments and estimates.

2. Changes in Accounting Policies

Why significant	How our audit addressed the key audit matter
As described in note 2(a) to the financial report, the Group had the following changes in accounting policies during the year ended 30 June 2017: ▶ A voluntary change in the recognition of One Big Switch commission revenues from cash to accruals; and ▶ Recognition of deferred tax liabilities on indefinite life intangible assets following International Financial Reporting Interpretations Committee (IFRIC) guidance on this matter. These changes were accounted for retrospectively in accordance with Australian Accounting Standard - AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The changes in accounting policies were significant to our audit as they required consideration of the appropriateness of the new accounting policies in line with the relevant Australian Accounting Standards and guidance, accuracy of the restatements made and appropriateness of the financial report disclosures.	In performing our audit procedures: ▸ We assessed whether the new revenue recognition policy for commissions met the requirements of Australian Accounting Standard - AASB 118 *Revenue;* ▸ We assessed whether the new revenue recognition policy provided more reliable and accurate information as required by *AASB 108 Accounting Policies*, *Changes in Accounting Estimates and Errors* for voluntary changes*;* ▸ We tested the Group's calculations of the current period and prior period consolidated statement of comprehensive income impact for accuracy in relation to the commission revenue; ▸ We evaluated the Group's assessment and conclusion that indefinite life intangible assets are expected to be recovered through use rather than sale; ▸ We tested the Group's calculations of the recognised deferred tax liabilities for the current and prior periods for accuracy ; and ▸ We evaluated the adequacy of the disclosures relating to both changes in accounting policies in the financial report.

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report including the Remuneration Report, Board of Directors and Corporate Governance Statement that are to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities 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 control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better working world

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 11 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Macquarie Media Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst & Young

Ernst & Young

Douglas Bain
Partner

Sydney
Date: 8 August 2017

Directors
Russell Tate
Gregory Hywood
James Millar AM
Monique Anderson
Louise McCann

COMPANY SECRETARY
Lisa Young

AUDITORS
Ernst & Young

SOLICITORS
Banki Haddock Fiora
Baker and McKenzie
Clayton Utz

BANKER
Australia and New Zealand Banking Group Limited

SHARE REGISTRY
Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

SECURITIES EXCHANGE LISTING
The shares of Macquarie Media Limited are listed on the Australian Securities Exchange Limited.

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Pyrmont NSW 2009

REGISTERED OFFICE
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Pyrmont NSW 2009

ANNUAL GENERAL MEETING
The Annual General Meeting of Macquarie Media Limited is to be held on 9 November 2017 at 11am at a location to be confirmed.