APPENDIX 4D

Financial report for the half-year ended 31 December 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

All comparisons to the half-year ended 31 December 2016	31 Dec 2017 $'000	Up/(Down)	Movement %
Total revenue	113,273	(17,408)	(13.3%)
Earnings before finance costs, income tax, depreciation and amortisation (EBITDA)	24,326	(6,916)	(22.1%)
Net loss attributable to members	(8,597)	(25,999)	(149.4%)

DIVIDEND INFORMATION

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
Final dividend 2017 (paid during current reporting period)	1.7	1.7	30%
Interim dividend 2018 (not yet paid)	-	-	-%

Interim Dividend Dates

Ex-dividend date	-
Record date	-
Payment date	-

There are no dividend or distribution reinvestment plans in operation.

EARNINGS PER SECURITY (CENTS PER SHARE)

	Current period	Previous Corresponding period
Basic EPS	**(2.3)**	4.8
Basic EPS excluding specific items	**3.8**	4.8
Net tangible assets per security (cents)	**3.1**	(0.4)

This information should be read in conjunction with the 2017 Annual Report for Prime Media Group Limited and its controlled entities and any public announcements made in the period by Prime Media Group Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2017.

This report is based on the consolidated financial statements for the half-year ended 31 December 2017 of Prime Media Group Limited and its controlled entities, which have been reviewed by Ernst & Young.

Directors' Report

Your directors submit their report for the half-year ended 31 December 2017.

This half-year report covers both Prime Media Group Limited ("the Company") as an individual entity and the consolidated entity comprising Prime Media Group Limited and its subsidiaries ("the Group"). The Group's functional and presentation currency is AUD ($).

The directors in office during the half-year and until the date of this report (unless otherwise stated) were as follows:

John K Hartigan (Chair)
Ian R Neal
Peter J Macourt
Cass O'Connor
Ian C Audsley (Chief Executive Officer)

RESULTS FROM OPERATIONS

STATUTORY RESULT

The Group's consolidated loss after tax attributable to the members of Prime Media Group Limited was $8,597,000, which represents a decrease of $25,999,000 or 149.4% on the previous corresponding period. Included in the consolidated loss is a one-off non-cash impairment of television broadcast licences of $31,016,000. The impairment reflects the ongoing decline of regional free-to-air television advertising markets and increasing programming costs.

Revenue of $113,273,000 decreased by $17,408,000 or 13.3% on the previous corresponding period. The prior year result included one-off advertising revenue arising from the 2016 Olympic Games television broadcast.

During the reporting period the Group maintained a market leading national revenue share of 41.8 in the aggregated regional market of New South Wales and Victoria. While this represents a decline in national advertising revenue share of 2.9 percentage points on the prior period, the 2016 Olympic Games television broadcast was included in the prior period result. The Company's national advertising revenue in the aggregated regional market declined by 6.8% on the previous corresponding period, compared to the market, which declined 3.3% in the same period.

The Group's gross profit margin improved by 1.3% to 44.6% due to the new spectrum licensing framework that became effective 1 July 2017. Total operating expenses of $26,123,000 increased by $878,000 or 3.5% on the previous corresponding period due to one-off legal, consulting and redundancy expenses totalling $1,286,000.

The Group reported a tax benefit of $3,733,000 for the half-year period, primarily due to the release of a deferred tax liability of $9,305,000 arising from the impairment charge of $31,016,000.

Net cash flow from operating activities of $15,962,000 declined $3,501,000 or 18.0% compared to the prior corresponding period. The decline in operating cash flows is due to the decline in regional television advertising markets in the period and the 2016 Olympic Games broadcast revenues being collected in the previous corresponding period.

Net interest bearing debt reduced by $7,737,000 during the period to $29,213,000 at 31 December 2017. The Company continues to operate within bank covenants. Finance costs were $861,000 or 38.5% favourable to the previous corresponding period due to the lower average interest bearing debt levels.

INTERIM DIVIDEND

In light of the continued decline in regional audiences and regional television advertising revenues, the impairment charge of $31,016,000 recorded in this half-year and increasing content costs, the Prime board has determined to suspend dividend payments until further notice and apply all surplus funds to reduce interest bearing debt.

Directors' Report

ROUNDING OF AMOUNTS

The amounts contained in this report and in the half-year financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Class Order applies.

AUDITORS INDEPENDENCE DECLARATION

The Directors have received and are satisfied with the 'Audit Independence Declaration' provided by the Company's external directors, Ernst & Young, which is included on page 3.

P. J. Macourt
Director

Sydney, 16 February 2018

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Auditor's Independence Declaration to the Directors of Prime Media Group Limited

As lead auditor for the review of Prime Media Group Limited for the half-year ended 31 December 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 review; and

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

This declaration is in respect of Prime Media Group Limited and the entities it controlled during the financial period.

Ernst & Young

Christopher George
Partner
16 February 2018

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2017

	NOTES	CONSOLIDATED	
		31 DEC 2017	31 DEC 2016
		$'000	$'000
Revenue and other income			
Revenue from services	3(A)	**112,529**	129,790
Interest income	3(A)	**68**	79
Other income	3(A)	**676**	812
Total revenue and other income		**113,273**	130,681
Cost of sales		**(62,756)**	(74,117)
Gross profit		**50,517**	56,564
Broadcasting and transmission expenses		**(18,961)**	(18,398)
Administration and marketing expenses		**(7,119)**	(6,784)
Depreciation and amortisation expenses		**(4,847)**	(4,900)
Impairment of intangible assets		**(31,016)**	-
Operating (loss)/profit		**(11,426)**	26,482
Finance costs	3(B)	**(861)**	(1,399)
Share of associate losses		**(43)**	(63)
(Loss)/profit before income tax		**(12,330)**	25,020
Income tax benefit/(expense)		**3,733**	(7,618)
(Loss)/profit for the half-year		**(8,597)**	17,402
Total comprehensive income for the half-year		**(8,597)**	17,402
(Loss)/profit attributable to the owners of the parent		**(8,597)**	17,402
Basic Earnings per share (cents per share)		**(2.3)**	4.8
Diluted Earnings per share (cents per share)		**(2.3)**	4.8

Interim Consolidated Statement of Financial Position

As at 31 December 2017

	NOTES	CONSOLIDATED	
		31 DEC 2017	**31 JUN 2017**
		$'000	$'000
ASSETS			
Current Assets			
Cash and short term deposits		**8,403**	6,590
Trade and other receivables		**43,063**	42,908
Intangible assets	7	**1,667**	1,667
Other assets		**2,457**	1,698
		55,590	52,863
Assets classified as held for sale		**645**	645
Total Current Assets		**56,235**	53,508
Non-Current Assets			
Investment in associates		**1,071**	1,071
Financial assets		**4**	9
Property, plant and equipment	8	**26,908**	28,390
Intangible assets and goodwill	7	**38,797**	71,753
Other assets		**724**	801
Total Non-Current Assets		**67,504**	102,024
Total Assets		**123,739**	155,532
LIABILITIES			
Current Liabilities			
Trade and other payables		**24,152**	22,007
Current tax liabilities		**1,119**	4,543
Total Current Liabilities		**25,271**	26,550
Non-Current Liabilities			
Interest-bearing loans and borrowings	9	**37,616**	43,540
Provisions		**533**	518
Deferred tax liabilities		**8,337**	17,718
Total Non-Current Liabilities		**46,486**	61,776
Total Liabilities		**71,757**	88,326
Net Assets		**51,982**	67,206
EQUITY			
Equity attributable to equity holders of the parent interest			
Contributed equity		**310,262**	310,262
Reserves		**4,242**	4,641
Accumulated losses		**(262,522)**	(247,697)
Parent Interests		**51,982**	67,206
Total Equity		**51,982**	67,206

Interim Consolidated Statement of Changes in Equity

As at 31 December 2017

	Issued Capital $'000	Accumulated Losses $'000	Employee Benefits Reserve $'000	Total Parent Entity Interest $'000
At 1 July 2017	**310,262**	**(247,697)**	**4,641**	**67,206**
Loss for the period	**-**	**(8,597)**	**-**	**(8,597)**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income and expense for the period	**-**	**(8,597)**	**-**	**(8,597)**
Transactions with equity holders in their capacity as equity holders:				
Exercise of performance rights	**-**	**-**	**(454)**	**(454)**
Share based payments expense	**-**	**-**	**55**	**55**
Dividends on ordinary shares	**-**	**(6,228)**	**-**	**(6,228)**
At 31 December 2017	**310,262**	**(262,522)**	**4,242**	**51,982**

	Issued Capital $'000	Accumulated Losses $'000	Employee Benefits Reserve $'000	Total Parent Entity Interest $'000
At 1 July 2016	**310,262**	**(252,431)**	**4,400**	**62,231**
Profit for the period	-	17,402	-	17,402
Other comprehensive income	-	-	-	-
Total comprehensive income and expense for the period	-	17,402	-	17,402
Transactions with equity holders in their capacity as equity holders:				
Exercise of performance rights	-	-	(415)	(415)
Share based payments expense	-	-	330	330
Dividends on ordinary shares	-	(6,228)	-	(6,228)
At 31 December 2016	**310,262**	**(241,257)**	**4,315**	**73,320**

Interim Consolidated Statement of Cash Flows

Half-Year Ended 31 December 2017

	NOTES	CONSOLIDATED	
		31 DEC 2017	31 DEC 2016
		$'000	$'000
OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**123,726**	146,518
Payments to suppliers and employees (inclusive of GST)		**(97,963)**	(118,129)
Interest received		**68**	79
Borrowing costs paid		**(798)**	(1,146)
Income tax paid		**(9,071)**	(7,859)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**15,962**	19,463
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**-**	1
Purchase of property, plant & equipment and intangible assets		**(1,427)**	(2,476)
Proceeds from sale of financial assets		**3**	-
Loan funds to related entities		**(43)**	(43)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(1,467)**	(2,518)
FINANCING ACTIVITIES			
Proceeds from borrowings		**58,000**	45,000
Repayments of borrowings		**(64,000)**	(57,000)
Finance lease liability payments		**-**	(137)
Share based payments – performance rights exercised		**(454)**	(330)
Dividends paid	6	**(6,228)**	(6,228)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(12,682)**	(18,695)
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS		**1,813**	(1,750)
Cash and cash equivalents at beginning of period		**6,590**	8,235
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**8,403**	6,485

Notes to the Financial Statements

For the Half-Year Ended 31 December 2017

1. CORPORATE INFORMATION

The interim consolidated financial report of Prime Media Group Limited (the "Company" or the "Group") for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 16 February 2018.

Prime Media Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in Note 4.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The half-year consolidated financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, and AASB 134 *Interim Financial Reporting*.

The half-year consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2017 and any public announcements made by the Company during the half-year ended 31 December 2017.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

3. INCOME AND EXPENSES

	CONSOLIDATED	
	31 DEC 2017	**31 DEC 2016**
	$'000	$'000
(A) INCOME		
Advertising and other external revenue	**112,529**	129,790
Finance income	**68**	79
Other revenue	**676**	812
	113,273	130,681
Breakdown of Other revenue:		
Government grants	**334**	334
Other revenues	**342**	478
	676	812
(B) FINANCE EXPENSES		
Interest on debt and borrowings	**861**	1,385
Finance charges payable under finance leases and hire purchase agreements	**-**	14
	861	1,399
(C) EMPLOYEE BENEFIT EXPENSE		
Wages and salaries	**15,755**	17,727
Redundancy expense	**421**	502
Superannuation expense	**1,218**	1,365
Share-based payments expense	**55**	330
Other employee benefits expense	**549**	713
	17,998	20,637
(D) OTHER EXPENSES		
Bad and doubtful debts and credit notes – trade debtors	**139**	253
Minimum lease payments – operating leases	**6,525**	6,163

4. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE SEGMENTS

The Group operates as a single regional free-to-air television broadcasting segment. The Group owns commercial television licences to broadcast in regional New South Wales, the Australian Capital Territory, regional Victoria, the Gold Coast area of Southern Queensland and regional Western Australia. The majority of the Group's television programming is supplied through an affiliation agreement with the Seven Network and broadcast in regional areas under the PRIME7 brand on the east coast of Australia and the GWN7 brand in regional Western Australia.

The Board and Executive monitor the operating performance of the segment based on internal reports and discrete financial information that is reported to the Board on at least a monthly basis.

5. CORE NET PROFIT BEFORE SPECIFIC ITEMS AND AFTER TAX

	CONSOLIDATED	
	31 DEC 2017	31 DEC 2016
	$'000	$'000
(Loss)/profit for the period	**(8,597)**	17,402
– Impairment of broadcast licences (non-cash)	31,016	-
– Release of deferred tax liability arising from impairment	(9,305)	-
– Redundancies	421	502
– Non-recurring legal and consulting expenses	865	-
– Income tax benefit related to specific items	(386)	(151)
Core net profit before specific items and after tax attributable to members of Prime Media Group Limited	**14,014**	17,753

6. DIVIDENDS PAID AND PROPOSED

(A) RECOGNISED AMOUNTS

Declared and paid during the year

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Previous year final		
Franked dividends 1.7 cents per share (2016: 1.7 cents) – ordinary shares	**6,228**	6,228

(B) UNRECOGNISED AMOUNTS

Current year interim		
Franked dividends nil cents per share (2016: 1.7 cents) – ordinary shares	**-**	6,228

7. INTANGIBLE ASSETS AND GOODWILL

Reconciliation of carrying amounts at the beginning and end of the period.

	Goodwill	Broadcast Licences	Program Rights	Infrastructure Access Licence	Business Software and Development Costs Incl Websites	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
At 30 June 2016	**18,355**	**182,963**	**14,000**	**4,245**	**16,906**	**236,469**
Additions	-	-	-	389	531	920
Disposals	-	-	-	-	(19)	(19)
At 30 June 2017	**18,355**	**182,963**	**14,000**	**4,634**	**17,418**	**237,370**
Additions	-	-	-	43	162	205
Disposals	-	-	-	(107)	-	(107)
Reclassification transfer	-	-	-	214	-	214
At 31 December 2017	**18,355**	**182,963**	**14,000**	**4,784**	**17,580**	**237,682**
Amortisation and impairment						
At 30 June 2016	**(18,355)**	**(119,450)**	**(9,000)**	**(2,999)**	**(9,964)**	**(159,768)**
Amortisation charges	-	-	(1,667)	(687)	(1,847)	(4,201)
Disposals	-	-	-	-	19	19
At 30 June 2017	**(18,355)**	**(119,450)**	**(10,667)**	**(3,686)**	**(11,792)**	**(163,950)**
Amortisation charges	-	-	(833)	(344)	(861)	(2,038)
Impairment charges	-	(31,016)	-	-	-	(31,016)
Disposals	-	-	-	-	-	-
Reclassification transfer	-	-	-	(214)	-	(214)
At 31 December 2017	**(18,355)**	**(150,466)**	**(11,500)**	**(4,244)**	**(12,653)**	**(197,218)**
Net Book Value						
At 30 June 2017	**-**	**63,513**	**3,333**	**948**	**5,626**	**73,420**
Total Current	-	-	1,667	-	-	1,667
Total Non-Current	-	63,513	1,666	948	5,626	71,753
At 31 December 2017	**-**	**32,497**	**2,500**	**540**	**4,927**	**40,464**
Total Current	-	-	1,667	-	-	1,667
Total Non-Current	-	32,497	833	540	4,927	38,797

IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE LIVES

ACCOUNTING POLICY

Impairment of non-financial assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life of the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. When an asset is tested for impairment, the Group estimates the assets recoverable amount. An assets recoverable amount is the higher of an assets or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset of CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the markets assessment of the time value of money and the risks specific to the asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses should be reversed. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been calculated in prior years. A reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 30 June and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

KEY ASSUMPTIONS USED IN VALUE-IN-USE CALCULATIONS AND SENSITIVITY TO CHANGES IN ASSUMPTIONS

In accordance with the Group's accounting policies, the Group performed a review to determine whether there were any indicators of impairment and whether a formal impairment assessment was required. In performing the review, management identified:

- The forecast decline in the compound annual growth rate for regional free-to air advertising revenues over 5 calendar years had changed from a decline of 2.2% at 30 June 2017 to a decline of 3.2% at 31 December 2017.
- An increase in future programming costs.

The Group is considered to be the sole CGU and includes television broadcasting intangible assets. The Group has completed a value-in-use assessment of the carrying value of television broadcast intangible assets, to test for impairment.

VALUE-IN-USE CASH FLOWS	APPROACH
Year 1	Based on the 2018 calendar year including half-year budget approved by the Board as amended for current trading activities.
Years 2-5 cash flows	Free-to-air television advertising revenue has been assumed to decline post 2018 Commonwealth Games consistent with the decline in regional television advertising audiences. Expenses have been forecast to increase in line with long term CPI and/or agreed contractual increases.
Long-term growth rate - terminal	The rate is consistent with industry forecasts specific to the CGU in which the industry operates.
Discount Rate	Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

The discounted cash flow valuation of the intangibles assets gives a recoverable amount which is in excess of the current carrying value resulting in an impairment charge of $31,016,000. Following the impairment, the recoverable amount of the Group is equal to its carrying amount.

	CONSOLIDATED	
	Dec 17	June 17
	$'000	$'000
Carrying amount of Intangibles allocated to each of the cash generating units		
Television Broadcasting Licences	**32,497**	63,513
Broadcast Licences	**32,497**	63,513

The value-in-use assessment is based on the following key assumptions, to which the calculation is most sensitive to changes. Any further decline in these assumptions would result in a decrease in the recoverable value and an increase in impairment.

VALUE-IN-USE ASSUMPTIONS	**Dec 17**	June 17
5 year compound annual growth rate for free-to-air advertising revenue	**(3.2%)**	(2.2%)
Long-term growth rate – terminal	**(3.2%)**	(2.2%)
Discount rate (post-tax)	**12.64%**	11.14%

Notes to the Financial Statements

For the Half-Year Ended 31 December 2017

8. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts at the beginning and end of the period.

	Land and Buildings	Leasehold Improvements	Plant and Equipment	Leased Plant and Equipment	TOTAL
	$'000	$'000	$'000	$'000	$'000
Cost					
At 30 June 2016	**12,396**	**1,522**	**83,563**	**2,242**	**99,723**
Additions	23	215	3,120	-	3,358
Disposals	-	(11)	(2,045)	-	(2,056)
Classification transfer	-	-	2,242	(2,242)	-
Reclassification to asset held for sale	(885)	-	(1,873)	-	(2,758)
At 30 June 2017	**11,534**	**1,726**	**85,007**	**-**	**98,267**
Additions	-	42	1,287	-	1,329
Disposals	-	-	(378)	-	(378)
Reclassification to asset held for sale	-	-	-	-	-
At 31 December 2017	**11,534**	**1,768**	**85,916**	**-**	**99,218**
Amortisation and impairment					
At 30 June 2016	**(4,780)**	**(880)**	**(60,678)**	**(1,519)**	**(67,857)**
Depreciation charges	(323)	(173)	(5,190)	-	(5,686)
Amortisation charges	-	-	-	(96)	(96)
Disposals	-	11	1,638	-	1,649
Classification transfer	-	-	(1,615)	1,615	-
Reclassification to asset held for sale	329	-	1,784	-	2,113
At 30 June 2017	**(4,774)**	**(1,042)**	**(64,061)**	**-**	**(69,877)**
Depreciation charges	(143)	(89)	(2,577)	-	(2,809)
Amortisation charges	-	-	-	-	-
Disposals	-	-	376	-	377
Reclassification to asset held for sale	-	-	-	-	-
At 31 December 2017	**(4,917)**	**(1,131)**	**(66,262)**	**-**	**(72,310)**
Net Book Value					
At 30 June 2017	6,760	684	20,946	-	**28,390**
At 31 December 2017	**6,617**	**637**	**19,654**	**-**	**26,908**

9. INTEREST BEARING LOANS AND BORROWINGS

	DEC 2017 $'000	JUN 2017 $'000
Non-current		
$80 million secured bank loan facility (Jun 2017: $80 million)	**37,616**	43,540
	37,616	43,540

TERMS AND CONDITIONS

Bank loan facility

The bank loan facility matures in April 2020 and is secured by a charge over the assets of the borrower group comprising all wholly owned entities in Australia other than Broadcast Production Services Pty Limited and its subsidiaries. Interest is charged at the BBSY rate plus a margin of between 1.55% and 1.80%.

Fair Values

The carrying amount of the Group's current and non-current borrowings approximates their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates.

10. CONTRIBUTED EQUITY

(A) ISSUED AND PAID UP CAPITAL

	CONSOLIDATED	
	31 DEC 2017 $'000	30 JUN 2017 $'000
Ordinary shares fully paid		
366,330,303 shares (June 2017: 366,330,303 shares)	**310,262**	310,262

(B) MOVEMENTS IN SHARES ON ISSUE

	31 DEC 2017		30 JUN 2017	
Ordinary	**Number of Shares**	**$'000**	Number of Shares	$'000
Beginning of the financial year	**366,330,303**	**310,262**	366,330,303	310,262
Balance at reporting date	**366,330,303**	**310,262**	366,330,303	310,262

11. COMMITMENTS

At 31 December 2017, the Group had capital commitments of $924,000 (June 2017: $738,000). The majority of the capital commitments relate to the acquisition of broadcast and computer hardware and software.

12. SUBSEQUENT EVENTS

There were no subsequent events after the reporting date.

Directors' Declaration

For the Half-Year Ended 31 December 2017

In accordance with a resolution of the directors of Prime Media Group Limited, I state that:

In the opinion of the directors:

a. The financial statements and notes of Prime Media Group Limited for the half-year ended 31 December 2017 are in accordance with the *Corporations Act 2001*, including:

    i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

    ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

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

On behalf of the board

P.J. Macourt
Director

Sydney, 16 February 2018

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Independent Auditor's Review Report to the Members of Prime Media Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Prime Media Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Ernst & Young

Christopher George
Partner
Sydney
16 February 2018