MACQUARIE MEDIA LIMITED

APPENDIX 4E FINAL REPORT
RESULTS FOR ANNOUNCEMENT TO THE MARKET

FINAL REPORT

The following should be read in conjunction with the attached Annual Report 2018.

	30 June 2018 $'000	30 June 2017 $'000	% Change
Revenue from continuing operations	136,351	131,114	4.0%
Profit after tax from continuing operations	11,684	17,323	-32.6%
Profit attributable to members of the parent entity	14,605	16,754	-12.8%

DETAILS OF REPORTING PERIOD	
Current reporting period	Twelve months ended 30 June 2018
Previous corresponding period	Twelve months ended 30 June 2017

DIVIDENDS – 12 MONTHS TO 30 JUNE 2018	Amount per security	Franked amount per security	
Final dividend proposed	4.0 cents	4.0 cents	100%
Special dividend	3.0 cents	3.0 cents	100%
Interim dividend	3.0 cents	3.0 cents	100%
Record date for determining entitlements to the dividend			31 August 2018

NET TANGIBLE ASSETS PER SHARE	30 June 2018	30 June 2017
Net tangible asset backing per ordinary share	(5.2) cents	(9.0) cents

The remainder of the information requiring disclosure to comply with ASX listing rule 4.3A is contained within the Operating and Financial Review section of the Annual Report 2018 attached.

This report is based on accounts which have been audited. The audit report, which was unqualified, is included on page 68 of the Annual Report 2018 which accompanies this Appendix 4E.

TRADING PERFORMANCE

MACQUARIE MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 30 JUNE 2018

	REPORTED [1]		SIGNIFICANT ITEMS [3]		TRADING PERFORMANCE EXCLUDING SIGNIFICANT ITEMS	
$ thousands	**FY18**	FY17	**FY18**	FY17	**FY18**	FY17
Total revenue	136,331	131,114	-	-	136,331	131,114
Expenses	(114,272)	(101,664)	(10,331)	(21)	(103,941)	(101,643)
OPERATING EBITDA	**22,059**	**29,450**	**(10,331)**	**(21)**	**32,390**	**29,471**
Depreciation and amortisation	(3,577)	(3,023)	-	-	(3,577)	(3,023)
EBIT	**18,482**	**26,427**	**(10,331)**	**(21)**	**28,813**	**26,448**
Net finance costs [2]	(1,491)	(1,677)	-	-	(1,491)	(1,677)
Profit/(loss) before income tax	**16,991**	**24,750**	**(10,331)**	**(21)**	**27,322**	**24,771**
Tax expense	(5,307)	(7,427)	523	-	(5,830)	(7,427)
Profit/(loss) after income tax	**11,684**	**17,323**	**(9,808)**	**(21)**	**21,492**	**17,344**

Notes:

1 Results from ordinary activities excluding interest and discontinued operations

2 Finance costs less interest income

3 Significant items are those items of such a nature or size that separate disclosure will assist users to understand the accounts. Refer to Note 7 of the Notes to the Consolidated Financial Statements for further details of the significant items

MACQUARIE
MEDIA LIMITED

ANNUAL REPORT 2018

CONTENTS

CHAIRMAN’S MESSAGE

RUSSELL TATE

Our financial performance in FY2018 has delivered a third consecutive year of strong earnings growth, with underlying EBITDA growing by 10% over prior year and underlying net profit after tax by 24%. The result reflects ongoing performance improvements across most of our business units and significantly, our earnings growth this year has been driven primarily by revenue increases.

Our news-talk stations have continued their ratings dominance in Sydney (2GB) and Melbourne (3AW) and we have enjoyed strong and sustained audience growth in Perth (6PR) and in the last survey of the year, audience increases from 4BC in Brisbane. On the back of our news-talk stations’ audience delivery and growth in total radio market revenues of 3.8%, our sales teams performed exceptionally well, achieving 9.0% revenue growth and significantly improving market share across our news-talk stations.

The strong ratings performance and revenue contributions from our news-talk network have meant that we also increased our overall share of market revenue despite the short-term revenue drop across our 3 east -coast “Talking Lifestyle” stations which switched during the year to the new “Macquarie Sports Radio”. This new format will take time to build audience and revenues, but we are confident that we can build it to break-even levels during FY19, which would have it adding around 6% to our total annual revenues.

After 3 consecutive years of strong earnings growth our Company is very well placed for further growth. Broadcast radio, and in particular the commercial news-talk format, which we dominate, and which delivers the great bulk of our earnings, has lost none of its appeal to listeners or advertisers. Of course, we must continue to evolve our product and our presentation of it and adapt to the changing media environment. We must also build our Macquarie Sports Radio stations to the point where they are positive earnings contributors and continue to explore new revenue opportunities outside our traditional revenue streams. But we now have in place a leadership team, led by CEO Adam Lang, which has worked together since the merger of Fairfax Radio and Macquarie Radio in 2015, and an established line-up of extremely talented performers complemented by a stable of future stars, which together, I am confident will continue to build on the success the Company enjoys today.

As I write this report I am also excited about the prospect of Macquarie Media being in a position to work more closely with Nine Entertainment Co Holdings Limited (”Nine”) if the proposed transaction to merge Nine with Fairfax Media Limited, Macquarie Media’s majority shareholder, is completed. Such a combination in my view would unlock potential for Macquarie to both deliver, and benefit from, significant synergies.

Russell Tate

DIRECTORS' REPORT

The Board of Directors presents its report together with the consolidated financial statements of Macquarie Media Limited ("MML" or the "Company") and its subsidiaries (collectively referred to as "Macquarie Media" or the "Group") as at and for the year ended 30 June 2018.

DIRECTORS

The names of Directors who held office of the Company at any time during the financial year or up to the date of this report, together with information on their qualifications, experience, special responsibilities, other listed company directorships and other details, are set out on page 14.

COMPANY SECRETARY

Lisa Young is Chief Financial Officer and Company Secretary of Macquarie Media Limited. Lisa has held financial positions in a number of media organisations in the UK including Daily Mail and General Trust plc and British Sky Broadcasting Group plc. Prior to this she worked for PricewaterhouseCoopers in Brisbane. Lisa is a Chartered Accountant and holds a Bachelor of Commerce and a Bachelor of Arts degree from the University of Queensland.

Karen Birner was appointed as Interim Chief Financial Officer and Acting Company Secretary on 25 May 2018.

CORPORATE STRUCTURE

Macquarie Media Limited is a company limited by shares that is incorporated and domiciled in Australia.

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.

CONSOLIDATED RESULT

The profit attributable to the consolidated entity for the financial year was $14.6 million (2017 Profit: $16.8 million).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 31 July 2017, the Group sold Satellite Music Australia Pty Ltd.

OPERATING AND FINANCIAL REVIEW

Detail that could give rise to likely material detriment to the Group (for example, information that is commercially sensitive, is confidential, or could give a third party commercial advantage) has not been included.

Financial results

For the financial year 2018 Macquarie Media delivered total Group revenue of $136.3 million which was 4.0% higher than the prior year, driven by an increase in core radio revenue and commissions.

After significant items of $10.3 million (2017: $0.02 million) the Group generated underlying operating earnings before interest, tax, depreciation and amortisation ("EBITDA") of $32.4 million (2017: $29.5 million), and a net profit after tax of $21.5 million (2017: $17.3 million).

$ millions	FY17 Underlying	FY18 Underlying	Var $	Var %
Revenue	131.1	136.3	5.2	4.0%
Expenses	101.6	103.9	2.3	2.3%
EBITDA	29.5	32.4	2.9	9.8%
NPAT	17.3	21.5	4.2	24.3%
Net debt	22.7	17.2	(5.5)	-24.2%

Group expenses excluding significant items increased by 2.3%, a reflection of sustained cost discipline and efficiency, notwithstanding continued investment in growth and customer retention.

In July 2017 the Group completed the sale of Satellite Music Australia Pty Ltd ("SMA") for total proceeds of $6.2 million. A gain on sale of $3.9 million has been recognised as profit from discontinued operations and is excluded from the results above.

Proceeds from the sale of SMA were passed back to shareholders via a fully franked special dividend of 3.0 cents per share. The total special dividend payment was $5.1 million.

The remaining SMA proceeds, along with positive operating cash flow was used to repay $5.0 million debt, reducing net debt to $17.2 million at 30 June 2018 (2017: $22.7 million).

DIRECTORS' REPORT (CONT'D)

Reconciliation of statutory to underlying

$ millions	2018 Reported[1]	2018 Significant Items[2]	2018 Underlying
Revenue	136.3	-	136.3
Expenses	(114.2)	(10.3)	(103.9)
EBITDA	22.1	(10.3)	32.4
NPAT	11.7	(9.8)	21.5

[1] Excluding discontinued operations.

[2] Details of significant items are contained in Note 7 of the Notes to the Consolidated Financial Statements.

About Macquarie Media

MML is an Australian media company operating seven radio stations nationally in the capital cities of Sydney, Melbourne, Brisbane and Perth. The Group also includes digital and online media platforms, a public relations and marketing communications agency, Map and Page, and Macquarie Media Syndication - a company responsible for syndicating programming content.

Macquarie Media News-Talk stations are home to Australia's all-time most successful broadcasters, with an audience of 1.7 million Australians nationally each week. Macquarie Sports Radio is Australia's first National Commercial Sports Ratio Network.

- 2GB Sydney News-Talk is the most listened to station in Sydney and has been the number 1 radio station for over a decade, with 17.7% commercial share.
- 3AW Melbourne News-Talk is the most listened to station in Melbourne with 22.8% commercial share;
- 4BC is Brisbane's only commercial talk station with 7.9% commercial share;
- 6PR is Perth's only commercial talk station with 10.9% commercial share;
- Macquarie Sports Radio is Australia's first National Commercial Sports Radio Network consisting of three stations broadcasting from Sydney, Melbourne and Brisbane.

Strategy and future performance

The broad areas of strategic focus continue to be:

- To drive improved returns from the Group's core radio broadcasting operations.
- To 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.

DIVIDENDS

A final fully franked dividend of 4.0 cents per ordinary share was paid on 15 September 2017 in respect of the six months ended 30 June 2017.

A fully franked special dividend of 3.0 cents per share was paid on 3 October 2017 following the receipt of proceeds from the sale of Satellite Music Australia Pty Ltd, and which did not relate to a specific period within the financial year that it was paid.

An interim fully franked dividend of 3.0 cents per ordinary share was paid on 8 March 2018 in respect of the six months ended 31 December 2017.

Since the end of the financial year, the Board has declared a final fully franked dividend of 4.0 cents per ordinary share in respect of the six months ended 30 June 2018. The dividend is payable on 14 September 2018.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Other than the developments described in this report (including the Review of Operations), the Directors are of the opinion that no other matters, circumstances or development has affected or will significantly affect the operations and expected results of the Group in future financial years.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' MEETINGS

The following table shows the number of Board and Committee meetings held during the financial year ended 30 June 2018 and the number attended by each Director or Committee member.

	Board Meetings		Audit Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Russell Tate	6	6	5	5	4	4
Gregory Hywood	6	6	4	5	4	4
James Millar AM	6	6	5	5	4	4
Louise McCann	6	6	4	5	4	4
Monique Anderson	5	6	4	5	4	4

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 subcommittee meetings of the Board.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Directors of the Company and such other officers as the Directors determine, are entitled to receive the benefit of an indemnity contained in the Constitution of the Company to the extent allowed by the Corporations Act 2001, including against liabilities incurred by them in their respective capacities in successfully defending proceedings against them.

During or since the end of the financial year, the Company has paid premiums under contracts insuring the Directors and officers of the Company and its controlled entities against liability incurred in that capacity to the extent allowed by the Corporations Act 2001. The terms of the policies prohibit disclosure of the details of the liability and the premium paid.

Each Director has entered a Deed of Access, Disclosure, Insurance and Indemnity which provides for the indemnity of the Company against liability as a Director to the extent allowed by the law.

INDEMNIFICATION OF AUDITORS

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

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 21.

NON-AUDIT SERVICES

There were no non-audit services provided by the auditor, Ernst & Young, during the financial year. Details of amounts paid or payable for audit services are set out in Note 29 of the financial statements.

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT

A remuneration report is set out on 7 to 13 and forms part of the Directors' Report.

DIRECTORS' INTERESTS

The relevant interests of each Director in the equity of the Company at the date of this report are set out on page 12 of Remuneration Report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The operations of the Group are not subject to any significant environmental regulation under the laws of the Commonwealth of Australia or any of its states or territories.

EVENTS AFTER THE REPORTING DATE

On 26 July 2018, Fairfax Media Limited (the ultimate parent entity) entered into a Scheme Implementation Agreement to merge with Nine Entertainment Co Holdings Limited (Nine). The proposed transaction will, subject to required approvals, be implemented by Nine acquiring all Fairfax Media Limited shares under a Scheme of Arrangement. Following completion, Nine shareholders will own 51.1% of the combined entity with Fairfax shareholders owning the remaining 48.9%.

There have been no other significant events occurring after the balance date which may affect the Group's operations or results of those operations or the Group's state of affairs.

ROUNDING

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts contained in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed on behalf of the Directors in accordance with a resolution of the Directors.

Russell Tate
Chairman

8 August 2018

REMUNERATION REPORT

INTRODUCTION

This report forms part of the Company's 2018 Directors' Report and sets out the Group's remuneration arrangements for Key Management Personnel ("KMP") in accordance with the requirements of the Corporations Act 2001 and its regulations. The information in this report has been audited as required by section 308(3C) of the Corporations Act 2001.

KMP comprises of Directors and members of the senior executive team who have authority and responsibility for planning, directing and controlling the activities of the consolidated entities.

The following table outlines the KMP at any time during the financial year, and unless otherwise indicated, they were KMP for the entire year.

KMP	Role
Russell Tate	Executive Chairman
James Millar AM	Non-Executive Director
Gregory Hywood	Non-Executive Director
Louise McCann	Non-Executive Director
Monique Anderson	Non-Executive Director
Adam Lang[1]	Chief Executive Officer Chief Operating Officer
Lisa Young	Chief Financial Officer

Adam Lang was appointed to the position of Chief Executive Officer effective 4 April 2018. From 1 July 2017 to 3 April 2018 Adam held the position of Chief Operating 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.

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.

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 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.

REMUNERATION CONSULTANTS

No "remuneration recommendations" for the purposes of the Corporations Act 2001 were given during the 2018 financial year (2017: none).

REMUNERATION GOVERNANCE

The Board's objective is to align the executive remuneration strategy with Company performance and shareholder interests.

The Nomination and Remuneration Committee ("NRC") assists the Board in discharging its duties. The members of the NRC during FY18 were:

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

The Board has a formal Charter for the NRC which sets out the responsibilities, composition and rules of the Committee. The Committee is primarily 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 Group.

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.

SHARE APPRECIATION RIGHTS PLAN

The Company's long-term incentive (LTI) and short-term incentive (STI) arrangements are designed to reward, retain and motivate certain employees and senior executives in a manner aligned with Shareholders. After exploring several 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 like 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 STIs and 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.

SAR PLAN OUTLINE

The following table sets out how the SAR plan operated during the 2018 financial year (FY 2018).

Key term	Description
Instrument	Share Appreciation Right (SAR)
Grant Date	Executive Chairman: Not granted Executive KMP: 10 April 2018
Quantum of Award	Each SAR is a right to an award (Award), the amount of which is calculated in accordance with the following formula: *Award = Subsequent Market Value – Base Price* The Board has determined that the following definitions apply: • **Base Price** = $1 • **Performance Qualification Date** = the date that the Board determines that the relevant Vesting Conditions and Performance Hurdles have been satisfied • **Subsequent Market Value** = the 30-day value weighted average price (VWAP) of Shares traded on ASX immediately preceding the Performance Qualification Date. The Total Award, depending on the number of SARs that vest will be calculated in the following manner: *Total Award ($) = (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 accordance with the following formula: *Total Award (Shares) = (Total Award ($) / Subsequent Market Value*

Key Term	Description
Vesting Conditions and Performance Hurdles – Executive Chairman	The Performance Hurdles applicable to the SARs to be granted to the Executive Chairman are as follows: • 100% of the grant of SARs will vest after the end of the financial year ending 30 June 2018 if the Company achieves EBITDA of $40 million for that financial year (Performance Hurdle). • Performance against the Performance Hurdle will be determined having regard to the FY2018 audited accounts. • If the Performance Hurdle is not satisfied, no SAR will vest. All of the unvested SARs will lapse if the Performance Hurdle is not satisfied.
Vesting Conditions and Performance Hurdles – Executive KMP	The Performance Hurdles applicable to the SARs granted to the Executive KMP are as follows: • 25% of the grant of SARs will vest after the end of the financial year ending 30 June 2018 if the Company achieves underlying EBITDA of between $32 million and $35 million for that financial year (FY18); or • 50% of the grant of SARs will vest after the end of the financial year ending 30 June 2018 if the Company achieves underlying EBITDA of between $35 million and $38 million for that financial year (FY18); or • 100% of the grant of SARs will vest after the end of the financial year ending 30 June 2018 if the Company achieves underlying EBITDA of $38 million or more for that financial year. Performance against the FY 2018 Performance Hurdles will be determined having regard to the FY 2018 audited accounts. All of the unvested SARs will lapse if the Performance Hurdles are not satisfied.
Vesting notification and exercise	Once the Board determines whether the Vesting Conditions and Performance Hurdles and/or other conditions have been met and/or otherwise waived by the Board, 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 rights from the date of the relevant Vesting Notice until the SARs lapse. Unless the Board otherwise determines at its discretion, all unvested SARs will automatically expire and lapse on the anniversary of the Grant Date.
Exercise price	Nil – Participants will not have to pay any amount to exercise the SARs.
Expiry Date	All unvested SARs will automatically expire and lapse on the anniversary of the Grant Date, unless an earlier lapsing applies (as set out below) or as otherwise set out in the Plan Rules.
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: (a) acts fraudulently or dishonestly; or (b) 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.

REMUNERATION REPORT (CONT'D)

KMP REMUNERATION DISCLOSURE

The following table of KMP remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001 (Cth)* requirements for the 2018 financial year.

		Base salary & other benefits	Annual leave movement	Cash bonus	Non-cash benefit	Super-annuation	Long service leave expense	Share Appreciation Rights[1,2]	Total	Perfor-mance related %
Non-Executive Directors										
Gregory Hywood	2018	-		-	-	-	-	-	-	-
	2017	-		-	-	-	-	-	-	-
James Millar AM	2018	68,493		-	-	6,507	-	-	75,000	-
	2017	68,493		-	-	6,507	-	-	75,000	-
Monique Anderson	2018	68,493		-	-	6,507	-	-	75,000	-
	2017	68,493		-	-	6,507	-	-	75,000	-
Louise McCann	2018	68,493		-	-	6,507	-	-	75,000	-
	2017	68,493		-	-	6,507	-	-	75,000	-
Executive Director										
Russell Tate	2018	1,000,000		-	-	6,840	-	-	1,006,840	-
	2017	1,000,000		-	-	6,840	-	-	1,006,840	-
Executives										
Adam Lang	2018	594,607	41,559	-	-	20,049	26,825	30,750	713,790	4.3%
	2017	494,225	(34,876)	-	-	19,616	(2,641)	-	476,324	-
Lisa Young	2018	250,000	10,039	-	-	20,049	7,025	15,375	302,488	5.1%
	2017	250,000	(1,671)	-	-	19,616	3,594	-	271,539	-
Total KMP Group	**2018**	**2,050,086**	**51,598**	**-**	**-**	**66,459**	**33,850**	**46,125**	**2,248,118**	**2.1%**
	2017	**1,949,704**	**(36,547)**	**-**	**-**	**65,593**	**953**	**-**	**1,979,703**	**-**

1 Share based remuneration is equal to the accounting expense recognised in the Group financial statements for the rights to shares issued but not yet vested.

2 The Board have approved the changes to Russell Tate's scheme to be the same as the other KMP for the year, however as this requires formal AGM approval the tables and accounting does not reflect the change.

MOVEMENTS IN SHARE HOLDINGS OF KMP

The following table sets out the movement during the reporting period in the number of ordinary shares in Macquarie Media Limited held directly, indirectly, or beneficially by KMP including their related parties.

	Held at 1 July 2017	Granted as remuneration	Received on exercise of rights	Net change other	Held at 30 June 2018
Non-Executive Directors					
Gregory Hywood	-	-	-	-	-
James Millar AM	100,000	-	-	-	100,000
Monique Anderson	10,000	-	-	-	10,000
Louise McCann	-	-	-	-	-
Executive Director					
Russell Tate	552,628	-	-	-	552,628
Executive					
Adam Lang	-	-	-	-	-
Lisa Young	-	-	-	-	-

MOVEMENTS IN SHARE APPRECIATION RIGHTS HOLDINGS

The following table sets out the movement during the reporting period in the number of Share Appreciation Rights over ordinary shares in Macquarie Media Limited held directly, indirectly, or beneficially by KMP including their related parties.

	Held at 1 July 2017	Granted as remuneration[1,2]	Exercised during the year	Forfeited during the year	Held at 30 June 2018
Non-Executive Directors					
Gregory Hywood	-	-	-	-	-
James Millar AM	-	-	-	-	-
Monique Anderson	-	-	-	-	-
Louise McCann	-	-	-	-	-
Executive Director					
Russell Tate	-	-	-	-	-
Executives					
Adam Lang	-	300,000	-	-	300,000
Lisa Young	-	150,000	-	-	150,000

[1] FY 2018 short term incentive Share Appreciation Rights allocated in April 2018, under the terms outlined on pages 9 and 10.

[2] The Share Appreciation Rights for Russell Tate which were approved at the 2017 AGM were not granted.

EXECUTIVE SERVICE AGREEMENTS

The remuneration and other terms of employment for the Executive KMP are set out in written service agreements. These service agreements are unlimited in term but may be terminated by written notice by either party or by the Company making payment in lieu of notice. They may also be terminated with cause as set out below.

Each agreement sets out the Fixed Remuneration, performance related incentive opportunities, termination rights and obligations, and post-employment restraints.

The Company may terminate the employment of the executive without notice and without payment in lieu of notice in some circumstances, including if the executive commits an act of serious misconduct or a material breach of the executive service agreement or is charged with any criminal offence which, in the reasonable opinion of the Company, may embarrass or bring the Group into disrepute.

The Company may terminate the employment of the executive at any time by giving the executive notice of termination or payment in lieu of such notice. The amount of notice required from the Company in these circumstances is set out in the table below. If the Company elects to make payment in lieu of all or part of the required notice, the payment is calculated on the basis of fixed remuneration excluding bonuses and non-cash incentives.

The key terms and conditions of service contracts for executive key management personnel for the year ended 30 June 2018 are as follows:

Executive	Effective date	Company termination notice period	Executive termination notice period	Post-employment restraint
Russell Tate	Entire year	3 months	Not applicable	12 months: (a) no solicitation of employees or clients in Australia; and (b) no work for a competitor in Australia
Adam Lang	Entire year	52 weeks	16 weeks	12 months no solicitation of employees or clients; 4 months no work for a competitor
Lisa Young	Entire year	8 weeks	8 weeks	None

LOANS TO KMP AND THEIR RELATED PARTIES

There were no loans provided to Directors of the Company or to other KMP, including their personally related parties, during FY 2018 (2017: nil).

OTHER TRANSACTIONS WITH KMP AND THEIR RELATED PARTIES

There were no other transactions with KMP or their related parties (2017: nil).

BOARD OF DIRECTORS

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 RevTech Media Pty Ltd and Collins Foods Limited. During the past three years Mr Tate has been Chairman of both Collins Foods Limited (since 2011) and RevTech Media 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 has held a number of senior management positions at Fairfax including Publisher and Editor-in-Chief of each of *The Australian Financial Review*, *The Sydney Morning Herald Sun Herald* and *The Age*. He also held the position of Group Publisher Fairfax magazines. He was Executive Director in the Victorian Premier's Department between 2004 and 2006, and from 2006 to 2010 was Chief Executive of Tourism Victoria.

JAMES MILLAR AM Non-Executive Director (appointed 31 March 2015)

Mr Millar is the former Chief Executive Officer of Ernst & Young (EY) in the Oceania Region and was a Director on their Global Board. Mr Millar commenced his career in the Insolvency and Reconstruction practice at EY, conducting some of the largest corporate workouts of the early 1990's. He has qualifications in both business and accounting. Mr Millar is a Non-Executive Director of Mirvac Limited and Fairfax Media Limited. He is Chairman of both the Export Finance and Insurance Corporation and Forestry Corporation of NSW. Mr Millar is also Chairman of the Vincent Fairfax Family Foundation. He is a former Director of Helloworld Limited and Slater & Gordon Limited.

LOUISE McCANN Independent 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 Cabcharge Australia. Up until August 2017 Ms McCann was a Non-Executive Director of Chartered Accountants Australia and New Zealand. Ms McCann is also a former Non-Executive Director of the Australian Physiotherapy Association, and ASX iiNet Limited where Ms McCann chaired the Remuneration and Nomination Committee.

MONIQUE ANDERSON 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 group's portfolio and has held senior roles with companies owned by John Singleton for over 18 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.

CORPORATE GOVERNANCE

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 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 2018 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 2018 financial year, the Board delegated responsibility for the day-to-day management and administration of the Company principally to the Chairman and the Chief Executive Officer of the Company, working with the senior management team. The Recommendations state the roles of Chair and Chief Executive Officer should not be exercised by the same individual. This was accomplished during 2018 with the appointment of Adam Lang to the role of Chief Executive Officer effective 4 April 2018.

Composition of the Board

The Company seeks 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 expertise of each Director is set out on page 14.

The Recommendations recommend that a majority of the Board be independent. In summary, a Director is 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.

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 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 act 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.

Nomination and Remuneration Committee

The responsibilities and members of the Nomination and Remuneration Committee are set out on page 9 of the Remuneration Report.

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.

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:

Committee member	Role
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.

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 3.

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 several 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 2018 are set out in the following table:

Employee group	Male	Female
Total employees	54%	46%
Senior Managers	52%	48%
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 2018, 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
Partner
8 August 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2018

In thousands of dollars	Note	2018	2017
Continuing Operations			
Revenue	4	135,657	129,742
Other income	4	694	1,372
Employee benefits	5	(76,925)	(74,587)
Depreciation and amortisation	5	(3,577)	(3,023)
Legal, professional and consulting		(4,107)	(1,089)
Rent	5	(4,889)	(4,450)
Royalties, licences and commissions		(2,656)	(1,726)
Programming content		(7,444)	(7,722)
Utilities and telephone		(2,018)	(1,911)
Marketing and promotions		(1,461)	(1,517)
Insurances		(1,141)	(873)
Share of net profit / (loss) of associates	12	(171)	207
Redundancy and restructuring costs		(260)	(962)
Impairment of intangibles	18	(6,500)	-
Other		(6,700)	(7,011)
Finance costs	5	(1,511)	(1,700)
Profit before income tax		**16,991**	**24,750**
Income tax expense	6	(5,307)	(7,427)
Profit from continuing operations		**11,684**	**17,323**
Discontinued operations			
Profit / (loss) from discontinued operations, net of income tax	14	2,921	(569)
Profit for the year	27	**14,605**	**16,754**
Earnings per share			
Basic earnings per share (cents per share)	24	8.54	9.80
Diluted earnings per share (cents per share)	24	8.52	9.80
Earnings per share from continuing operations			
Basic earnings per share (cents per share)	24	6.83	10.13
Diluted earnings per share (cents per share)	24	6.81	10.13

The above Consolidated Income Statement should be read in conjunction with the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

In thousands of dollars	Note	2018	2017
Profit for the period		**14,605**	**16,754**
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit or loss:			
Gain on available-for-sale financial assets		648	486
Income tax relating to these items		(194)	(146)
Other comprehensive income for the year, net of tax		**454**	**340**
Total comprehensive income for the year		**15,059**	**17,094**

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

In thousands of dollars	Note	2018	2017
CURRENT ASSETS			
Cash and equivalents	8	18,584	18,129
Trade and other receivables	9	29,860	28,399
Assets held for sale	17	-	2,706
Current tax receivable		-	-
Other assets	10	3,135	2,453
Total current assets		**51,579**	**51,687**
NON-CURRENT ASSETS			
Other receivables	9	3,037	1,867
Investments accounted for using the equity method	12	1,331	1,502
Available-for-sale financial assets	11	2,674	2,026
Property, plant and equipment	15	22,623	23,703
Radio licences	18	103,066	108,066
Other intangible assets	18	88,061	89,023
Other assets	10	203	256
Total non-current assets		**220,995**	**226,443**
Total assets		**272,574**	**278,130**
CURRENT LIABILITIES			
Trade and other payables	19	11,639	10,534
Current tax liability	20	3,104	4,623
Liabilities directly associated with held for sale assets	17	-	248
Provisions	21	10,301	7,378
Total current liabilities		**25,044**	**22,783**
NON-CURRENT LIABILITIES			
Borrowings	22	35,791	40,791
Deferred tax liability	16	27,927	28,973
Other payables	19	471	456
Provisions	21	1,159	992
Total non-current liabilities		**65,348**	**71,212**
Total liabilities		**90,392**	**93,995**
NET ASSETS		**182,182**	**184,135**
EQUITY			
Issued capital	23	85,587	85,587
Reserves	26	954	412
Retained earnings	27	95,641	98,136
TOTAL EQUITY		**182,182**	**184,135**

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

In thousands of dollars	Share capital	Asset revaluation reserve	Share-based payment reserve	Retained earnings	Total
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**

In thousands of dollars	Share capital	Asset revaluation reserve	Share-based payment reserve	Retained earnings	Total
Balance at 1 July 2017	85,587	412	-	98,136	184,135
Profit for the year	-	-	-	14,605	14,605
Other comprehensive gain	-	454	-	-	454
Total comprehensive income for the year	-	454	-	14,605	15,059
Share appreciation rights, net of tax	-	-	88	-	88
Payment of dividends	-	-		(17,100)	(17,100)
BALANCE AT 30 JUNE 2018	**85,587**	**866**	**88**	**95,641**	**182,182**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

In thousands of dollars	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		146,404	147,966
Payments to suppliers (inclusive of GST)		(115,155)	(131,389)
Income taxes paid		(9,129)	(4,067)
Interest received		20	24
Dividends received		-	134
Royalties received		570	910
Finance costs		(1,511)	(1,704)
Net cash generated by operating activities	33	**21,199**	**11,874**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(3,015)	(7,164)
Payment for intangible assets		(942)	(423)
Proceeds from sale of subsidiary		5,289	5,560
Net cash used in investing activities		**1,332**	**(2,027)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(5,000)	-
Dividends paid		(17,100)	(8,550)
Net cash used in financing activities		**(22,100)**	**(8,550)**
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		431	1,297
Transfer from/(reclassification to) held for sale		24	226
Cash at beginning of year		18,129	16,606
Cash at the end of the year	8	**18,584**	**18,129**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. CORPORATE INFORMATION

Macquarie Media Limited (the "Company") is a for profit company limited by ordinary shares which are publicly traded on the Australian Securities Exchange.

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

These consolidated financial statements ("financial statements") as at and for the year ended 30 June 2018 comprise of the Company and its subsidiaries (collectively referred to as the "Group").

These financial statements were authorised for issue by the Board of Directors on 8 August 2018.

2. STATEMENT OF COMPLIANCE

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

3. SIGNIFICANT ACCOUNTING POLICIES

This section sets out the significant accounting policies upon which the financial statements are prepared as a whole. Specific accounting policies are described in their respective notes to the financial statements. This section also includes information on new accounting standards, amendments and interpretations, and whether they are effective in the current or later years.

BASIS OF PREPARATION

These financial statements are presented in Australian dollars, which is the Company's functional currency.

The financial statements have 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. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 1 April 2016 and in accordance with that instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

The accounting policies have been consistently applied to all periods presented in these financial statements, unless otherwise stated. The adoption of accounting standards that became applicable to the Group for the first time during the current period did not have a material impact on the Group's financial result or disclosures.

BASIS OF CONSOLIDATION

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the rights to, variable rates of return from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

GOOD AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other payables in the consolidated statement of financial position.

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

USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and underlying 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.

Judgements

The critical judgements (apart from those involving estimates, 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 are judgements made in the assessment of: (a) radio licenses have an indefinite useful life; and (b) the impairment of radio licenses and goodwill.

Estimates

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.

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 unit ("CGU") is less than the carrying value of the CGU. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

USE OF JUDGEMENTS AND ESTIMATES (CONT'D)

Estimates (cont'd)

Provision for Claims

Provisions for claims totalling $3.0 million (2017: $0.7 million) relate to potential liabilities for defamation settlements. Given the nature of these claims, there is significant judgement and estimation required in determining the appropriate provision. The Directors have obtained counsel's opinion and extensive legal advice in connection with the significant proceedings and believe that the provision held is appropriate albeit they continue to dispute the claims.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2018 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* ("AASB 9") becomes mandatory for the Company's 2019 financial statements and includes changes to the classification and measurement of financial assets, including a new expected credit loss ("ECL") model for calculating impairment. It also includes a new hedge accounting model to simplify hedge accounting requirements and more closely align hedge accounting with risk management activities.

The Group has performed a preliminary assessment of the impact of the application of AASB 9 and does not expect it to have a material impact.

AASB 15 Revenue from contracts with customers

AASB 15 *Revenue from Contracts* becomes mandatory for the Company's 2019 financial statements and outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers; and replaces AASB 111 *Construction Contract*, AASB 118 *Revenue*, Interpretation 13 *Customer Loyalty Programs*, Interpretation 15 *Agreements for Construction of Real Estate*, Interpretation 18 *Transfer of Assets from Customers* and Interpretation 131 *Revenue-Barter Transactions involving Advertising services*. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has performed a preliminary assessment of the impact of the application of AASB 15 and does not expect it to have a material impact.

AASB 16 Leases

AASB 16 *Leases* becomes mandatory for the Company's 2020 financial statements and removes the classification of leases between finance and operating leases, effectively treating all leases as finance leases for the lessee. The purpose is to provide greater transparency of a lessee's leverage and capital employed.

The Company has not yet determined the potential effect of this standard on the Company's future financial statements.

4. REVENUE

In thousands of dollars	Notes	2018	2017
Sales revenue			
Advertising revenue		121,034	116,296
Programming and cost recoveries		11,927	12,209
Commission revenue from related party	32	2,696	1,237
Total sales revenue		**135,657**	**129,742**
Other income			
Royalties		570	904
Dividends		-	134
Interest		20	23
Profit on sale of property, plant and equipment		13	4
Other income		91	307
Total other income		**694**	**1,372**

ACCOUNTING POLICY

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Advertising revenue

Revenue from rendering of a service is recognised in the month that the advertisement is broadcast.

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 net carrying amount.

Royalty revenue

Revenue from royalties is recognised on an accruals basis in accordance with the substance of the relevant agreement.

Commission revenue

Revenue from commission is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Programming and cost recoveries

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

5. EXPENSES

Profit before income tax includes the following specific expenses.

In thousands of dollars	**2018**	**2017**
Finance costs		
Paid or payable to other persons	1,511	1,700
Total finance costs	**1,511**	**1,700**
Depreciation and amortisation		
Depreciation of property, plant and equipment	2,600	2,246
Depreciation of leasehold improvements	633	473
Amortisation of intangible assets	344	304
Total depreciation and amortisation	**3,577**	**3,023**
Employee benefits expense		
Post-employment benefits – defined contribution plans	3,918	3,728
Other employee benefits	73,007	70,859
Total employee benefits expense	**76,925**	**74,587**
Rental expense on operating leases	**4,889**	**4,450**

ACCOUNTING POLICY

Finance costs

Finance costs includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

6. INCOME TAX EXPENSE

INCOME TAX EXPENSE

In thousands of dollars	2018	2017
Current tax	7,573	6,593
Deferred tax	(1,240)	716
Total Income tax expense	**6,333**	**7,309**
Tax expense continuing operations	5,308	7,427
Tax expense/(benefit) discontinued operations	1,025	(118)
Total income tax expense	**6,333**	**7,309**

RECONCILIATION

In thousands of dollars	2018	2017
Net profit before income tax – continuing operations	16,991	24,750
Net profit/(loss) before income tax – discontinued operations	3,946	(687)
Net profit before income tax expense	**20,937**	**24,063**
Prima facie income tax at 30% (2017: 30%)	6,281	7,219
Tax effect differences:		
Entertainment	205	164
Share of net (profits)/losses of associates and joint ventures	51	(62)
Capital gains not taxable	(602)	80
Adjustments in respect of current income tax of previous years	(6)	(93)
Temporary differences recognised on impairment of intangibles	450	-
Other temporary differences	(48)	-
Non-deductible items	2	1
Income tax expense in the income statement	**6,333**	**7,309**

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 13.

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.

6. INCOME TAXES (CONT'D)

ACCOUNTING POLICY

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 expenses 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.

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 effects 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.

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.

7. 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.

In thousands of dollars	**2018**	**2017**
Impairment of Goodwill and Radio Licenses	6,500	-
Legal Claims expense	2,984	-
Redundancy and restructuring costs	847	962
License fee FY16 reduction (included in royalties, licences & commissions)	-	(941)
Total significant items	**10,331**	**21**

ACCOUNTING POLICY

Significant items are those items of such a nature or size that separate disclosure will assist users to understand the financial statements.

8. CASH AND CASH EQUIVALENTS

In thousands of dollars	**2018**	**2017**
Cash at bank and at hand	18,584	18,129

ACCOUNTING POLICY

Cash comprises cash on hand and demand deposit. 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.

9. TRADE AND OTHER RECEIVABLES

In thousands of dollars	Note	2018	2017
Current			
Trade receivables net of doubtful debt provision		26,454	25,052
Receivables from related parties	32	490	1,937
Other receivables		2,916	1,410
Total current trade and other receivables		**29,860**	**28,399**
Non-current			
Loans advanced to employees – interest bearing		235	397
Other receivables		2,802	1,470
Total non-current trade and other receivables		**3,037**	**1,867**
Total trade and other receivables		**32,897**	**30,266**

IMPAIRED TRADE RECEIVABLES

As at 30 June 2018, trade receivables of the Group with a nominal value of $0.42 million (2017: $0.75 million) were impaired and provided for. No individual amount within the provision for doubtful debts is material. Refer to Note 36 for the factors considered in determining whether trade receivables are impaired.

An analysis of trade receivables that are past due and not considered impaired is as follows:

In thousands of dollars	2018	2017
Past due 60 – 90 days	461	241
Past due 90 days	849	1,363
Total receivables not considered impaired	**1,310**	**1,604**

Movements in the provision for doubtful debts are as follows:

In thousands of dollars	2018	2017
Balance at the beginning of the financial year	751	957
Additional provisions	19	240
Receivables written off as uncollectible	(344)	(354)
Other	(4)	(92)
Balance at the end of the financial year	**422**	**751**

9. TRADE AND OTHER RECEIVABLES (CONT'D)

ACCOUNTING POLICY

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30-45 days. No interest is charged on the trade receivable for the first 30-45 days from date of invoice. They are presented as current assets unless collection is not expected for more than 12 months after reporting date.

Bad and doubtful trade receivables

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. The loss is recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expense in the profit or loss.

Other receivables

Other receivables comprise trailing commission receivables that do not require the Group to render further service. Trailing commission receivables are measured at fair value by reference to historical data to estimate the amount that is expected to be received over the life of the underlying agreement.

10. OTHER ASSETS

In thousands of dollars	2018	2017
Current		
Prepayments	3,135	2,453
Total current other assets	**3,135**	**2,453**
Non-current		
Prepayments	203	256
Total non-current other assets	**203**	**256**

11. AVAILABLE-FOR-SALE-FINANCIAL ASSETS

In thousands of dollars	2018	2017
Shares in listed company	**2,674**	**2,026**
Movements in available-for-sale financial assets		
Balance at beginning of period	2,026	1,540
Valuation gain recognised	648	486
Balance at end of period	**2,674**	**2,026**

ACCOUNTING POLICY

Shares in listed companies are a financial asset carried at fair value, using observable market prices at the measurement date.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

In thousands of dollars	2018	2017
Shares in associates	**1,331**	**1,502**

INTERESTS IN ASSOCIATES

Entity name	Country of incorporation	Ownership interest 2018	Ownership interest 2017
Digital Radio Broadcasting Sydney Pty Ltd [i]	Australia	11.5%	11.5%
Digital Radio Broadcasting Melbourne Pty Ltd [i]	Australia	18.2%	18.2%
Digital Radio Broadcasting Brisbane Pty Ltd	Australia	25.0%	25.0%
Digital Radio Broadcasting Perth Pty Ltd [i]	Australia	16.7%	16.7%

The principal activities of all of the associates' is digital audio broadcasting.

[i] The Group has significant influence in the entity due to its right to participate in policy setting for the entity.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D)

SHARE OF ASSOCIATES' PROFIT/(LOSS)

In thousands of dollars	2018	2017
Revenue	614	969
Profit/(loss) before income tax expense	(224)	271
Income tax expense/(credit)	53	(64)
Net profit/(loss) after income tax expense	**(171)**	**207**
Share of associates' profit/(loss) – continuing operations	(171)	206
Share of associates profit/(loss) – discontinued operations	-	1
Net profit/(loss) after income tax expense	**(171)**	**207**

SHARE OF ASSOCIATES' ASSETS AND LIABILITIES

In thousands of dollars	2018	2017
Current assets	744	1,017
Non-current assets	704	741
Total assets	**1,448**	**1,758**
Current liabilities	56	82
Non-current liabilities	61	174
Total liabilities	**117**	**256**
Net assets	**1,331**	**1,502**
Contingent liabilities	**-**	**-**

ACCOUNTING POLICY

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for in the Group's financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of the associates post-acquisition profits or losses are recognised in the statement of profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses is equal or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Impairment of assets

Investments accounted for using the equity method are tested for impairment at each reporting date where there is an indication that the asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

13. CONTROLLED ENTITIES

Details of the Company's subsidiaries at 30 June 2018 are as follows:

Entity name	Country of incorporation	Ownership interest 2018	Ownership interest 2017
Buyradio Pty Ltd	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 Ltd	Australia	100%	100%
Radio 1278 Melbourne Pty Limited	Australia	100%	100%
Radio 2CH Pty Limited [i]	Australia	0%	0%
Radio 2UE Pty Ltd	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 [ii]	Australia	0%	100%

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

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

[ii] *Satellite Music Australia Pty Limited was sold on 31 July 2017.*

ACCOUNTING POLICY

Subsidiaries are all entities over which the parent has control. Control is established when the parent is exposed to or has the rights to variable rates of returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

14. DISCONTINUED OPERATIONS

The discontinued results for the period ended 30 June 2018 include the operations of Satellite Music Australia Pty Ltd (SMA). For the year ended 30 June 2017, the operations of Radio 2CH Pty Ltd and Satellite Music Australia Pty Ltd were classified as discontinued.

The sale of SMA was completed on 31 July 2017 for total consideration of $6.2 million, including deferred consideration of $0.9 million. The deferred consideration is contingent on post-sale performance. On that date the carrying amount of SMA's net assets were $2.3 million, and a gain on sale before income tax of $3.9 million was recognised.

Entity	**Principal activity**	**Date of disposal**	**Ownership interest**
Satellite Music Australia Pty Limited	Radio broadcaster	31 July 2017	100%
Radio 2CH Pty Limited	Radio broadcaster	19 January 2017	100%

In thousands of dollars	**2018**	**2017**
Revenue	254	4,451
Expenses	(226)	(4,872)
Net profit/(loss) before income tax	**28**	**(421)**
Gain/(loss) on sale	3,918	(266)
Income tax benefit/(expense)	(1,025)	118
Net profit/(loss) after income tax	**2,921**	**(569)**
Earnings per share		
Basic earnings per share from discontinued operations (cents per share)	1.71	(0.33)
Diluted earnings per share from discontinued operations (cents per share)	1.71	(0.33)
Cash flows		
Net cash (outflows)/inflows from operating activities	(24)	(386)
Net cash (outflows)/inflows from investing activities	5,289 [i]	(250)
Net cash (outflows)/inflows from financing activities	-	-
Net cash (outflows)/inflows	**5,265**	**(636)**

[i] Amount includes $5.0 million consideration received, plus $0.3 million working capital adjustments received post-settlement.

ACCOUNTING POLICY

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.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

15. PROPERTY, PLANT AND EQUIPMENT

In thousands of dollars	2018	2017
Freehold land and buildings – at cost	6,027	5,931
Accumulated depreciation	(1,171)	(1,064)
Closing book value freehold land and buildings	**4,856**	**4,867**
Leasehold improvements – at cost	7,323	9,542
Accumulated depreciation	(1,582)	(2,661)
Closing book value leasehold improvements	**5,741**	**6,881**
Plant and equipment – at cost	22,133	29,737
Accumulated depreciation	(10,107)	(17,782)
Closing book value plant and equipment	**12,026**	**11,955**
Closing book value property, plant and equipment	**22,623**	**23,703**

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

In thousands of dollars	Freehold land and buildings	Leasehold improvements	Plant and equipment	Total
Book value at 1 July 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	(118)	(473)	(2,128)	(2,719)
Book value at 30 June 2017	**4,867**	**6,881**	**11,955**	**23,703**
Additions	107	-	2,908	3,015
Disposals	-	(470)	(392)	(862)
Assets transferred between asset classes	-	(37)	37	-
Depreciation	(118)	(633)	(2,482)	(3,233)
Book value at 30 June 2018	**4,856**	**5,741**	**12,026**	**22,623**

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

ACCOUNTING POLICY

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical 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

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
Freehold buildings	2 – 6%	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.

Impairment

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

Gains and losses on disposal are determined by comparing sales proceeds with the carrying amount. These are included in profit or loss.

16. DEFERRED TAX ASSETS/LIABILITIES

Consolidated deferred tax assets and liabilities are attributable to the following:

In thousands of dollars	Assets		Liabilities		Net	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Property, plant and equipment	382	518	(129)	(76)	253	442
Intangible assets	-	-	(30,920)	(32,420)	(30,920)	(32,420)
Investments	1	12	(184)	-	(183)	12
Other assets	-	-	(441)	(341)	(441)	(341)
Other receivables	-	-	(1,040)	-	(1,040)	-
Provisions	3,565	3,295	-	2	3,565	3,297
Payables	728	(44)	(1)	-	727	(44)
Expenses deductible over 5 years	112	81	-	-	112	81
Net tax assets/(liabilities)	**4,788**	**3,862**	**(32,715)**	**(32,835)**	**(27,927)**	**(28,973)**
Set-off of deferred tax assets/liabilities	(4,788)	(3,862)	4,788	3,862	-	-
Net deferred tax assets/liabilities	**-**	**-**	**(27,927)**	**(28,973)**	**(27,927)**	**(28,973)**

MOVEMENTS IN TEMPORARY DIFFERENCES

In thousands of dollars	**2018**	**2017**
Balance 1 July 2017	(28,973)	(28,111)
Transfer to assets held for sale	-	-
Charged to the profit or loss	1,240	(716)
Charged to other comprehensive income	(194)	(146)
Balance at 30 June	**(27,927)**	**(28,793)**

16. DEFERRED TAX ASSETS/LIABILITIES (CONT'D)

ACCOUNTING POLICY

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reporting in the consolidated statement of comprehensive income because of items of income or expenses 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.

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 effects 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.

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.

17. ASSETS AND LIABILITIES HELD FOR SALE

In thousands of dollars	2018	2017
Assets held for sale		
Cash	-	24
Trade and other receivables	-	861
Other intangible assets	-	1,788
Property, plant and equipment	-	33
Total assets held for sale	**-**	**2,706**
Liabilities held for sale		
Trade and other payables	-	125
Provisions	-	123
Total liabilities held for sale	**-**	**248**

Assets held for sale at 30 June 2017 comprise the business of Satellite Music Australia Pty Ltd for which the sale was completed on 31 July 2017.

ACCOUNTING POLICY

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 profit or loss.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

18. INTANGIBLES

In thousands of dollars	2018	2017
Radio licences		
Radio licences – at cost	137,729	137,729
Accumulated impairment	(34,663)	(29,663)
Carrying value radio licences at 30 June	**103,066**	**108,066**
Website and software		
Website and software – at cost	2,667	2,086
Accumulated amortisation and impairment	(1,212)	(1,219)
Carrying value website and software at 30 June	**1,455**	**867**
Goodwill and other contractual relationships		
Goodwill	86,256	87,756
Other contractual relationships – at cost	350	400
Carrying value of goodwill and other contractual relationships at 30 June	**86,606**	**88,156**
Total carrying value of intangible assets at 30 June	**191,127**	**197,089**

MOVEMENTS IN INTANGIBLE ASSETS

In thousands of dollars	Radio licences	Website and software	Goodwill	Other contractual relationships	Total
Carrying value at 1 July 2016	108,066	813	89,544	450	198,873
Additions	-	423	-	-	423
Disposals	-	-	-	-	-
Reclassified as held for sale	-	(65)	(1,788)	-	(1,853)
Amortisation	-	(304)	-	(50)	(354)
Impairment	-	-	-	-	-
Carrying value at 30 June 2017	**108,066**	**867**	**87,756**	**400**	**197,089**
Additions	-	942	-	-	942
Disposals	-	(10)	-	-	(10)
Reclassified as held for sale	-	-	-	-	-
Amortisation	-	(344)	-	(50)	(394)
Impairment	(5,000)	-	(1,500)	-	(6,500)
Carrying value at 30 June 2018	**103,066**	**1,455**	**86,256**	**350**	**191,127**

18. INTANGIBLES (CONT'D)

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.

In thousands of dollars	**Radio licences**	**Goodwill**	**Total**
Eastern Seaboard Stations	94,766	22,930	117,696
Perth Station	8,300	2,170	10,470
Overall (goodwill)	-	61,156	61,156
Total at 30 June 2018	**103,066**	**86,256**	**189,322**

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 up to five years. Cash flows beyond the forecast period are extrapolated using the estimated growth rates stated below.

The cash flow projections are based on the following key assumptions.

Key assumption	**Approach**
Year 1 cash flows	Based on board approved annual budget
Year 2 – 5 cash flows	Based on management's forecasts using assumptions around market growth and market share by station, taking into account past performance and market trends.
Discount rate	The post-tax discount rate of 13.0% (2017: 13.0%) reflects current market assessment of the time value of money and the specific risk within the cash flow 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.
Terminal growth rate	The terminal growth rate of 2.5% (2017: 2.5%) applied to cash flows beyond the five-year projection period has been determined based on industry specific forecasts.

Each of the above factors is subject to significant judgement about future economic conditions and the ongoing structure of the radio broadcasting industry. The Directors have applied their best estimates to each of these variables but cannot warrant their outcome.

Due to a deterioration of results seen in early FY18 due to more challenging conditions in the Perth market, impairment testing as outlined above resulted in an impairment of $6.5 million for the Perth CGU.

18. INTANGIBLES (CONT'D)

IMPAIRMENT TESTING (CONT'D)

Sensitivity to changes in assumptions

Eastern Seaboard CGU

For the Eastern Seaboard CGU, adjusting the cashflow forecasts and discount rate for the key assumptions would not result in an impairment therefore management has concluded that no reasonable possible change in the key assumptions would result in an impairment in respect of this CGU.

Perth CGU

No headroom exists for the Perth CGU. Any increase to the discount rate or reduction to the cash flow forecasts or terminal growth rate would result in an impairment.

Whole of business

- Headroom of $32.1 million (2017: $19.8 million) exists on the whole of business CGU
- If EBITDA reduces by 7.0% (2017: 4.2%) in all forecast years it will lead to an impairment
- A reasonable possible change in any other key assumption would not lead to an impairment

ACCOUNTING POLICY

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible asset with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the line item 'depreciation and amortisation expense'.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment at each reporting period, either individually or at the cash-generating unit level. The assessment of indefinite is reviewed at each reporting period to determine whether the indefinite life continues to be supportable.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds it recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell value in use.

Goodwill

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 tested for impairment at the overall Group level. Goodwill is allocated to the lowest level at which it is monitored, being one CGU, and impairment testing has been performed at that level.

18. INTANGIBLES (CONT'D)

ACCOUNTING POLICY (CONT'D)

Radio licences

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 cash generating units (CGU) identified whenever an indicator of impairment is identified, or at least on an annual basis. Radio licences are allocated to two CGUs for the purposes of impairment testing, being Eastern Seaboard stations and Perth station.

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.

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.

19. TRADE AND OTHER PAYABLES

In thousands of dollars	**2018**	**2017**
Current		
Unsecured liabilities		
Trade payables	1,725	2,010
Accruals and other payables	9,914	8,524
Total current trade and other payables	**11,639**	**10,534**
Non-current		
Other payables	471	456
Total non-current trade and other payables	**471**	**456**
Total Trade and other payables	**12,110**	**10,990**

ACCOUNTING POLICY

Trade and other payables represent liabilities for goods and services provided to the business prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. 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.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months of reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

20. CURRENT TAX LIABILITY

In thousands of dollars	Note	2018	2017
Current tax liability	6	3,104	4,623

21. PROVISIONS

In thousands of dollars	2018	2017
Current provisions		
Employee benefits – long service leave	4,043	3,618
Employee benefits – annual leave	3,238	3,065
Provisions for claims	3,020	695
Total current provision	**10,301**	**7,378**
Non-current provisions		
Employee benefits – long service leave	1,059	892
Make good provision	100	100
Total non-current provisions	**1,159**	**992**
Total provisions	**11,460**	**8,370**

RECONCILIATION

Reconciliations of the carrying amount of each class of provision, other than employee benefits, during the financial year are set out below:

In thousands of dollars	Claims	Make good	Total
Balance at beginning of the financial year	695	100	795
Additional provision recognised during the year	2,500	-	2,500
Amounts utilised during the year	(175)	-	(175)
Balance at end of financial year	**3,020**	**100**	**3,120**
Current	3,020	-	3,020
Non-current	-	100	100
Total provisions	**3,020**	**100**	**3,120**

The amount for Claims represents a provision for certain defamation claims brought against the Group. In the Directors' 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 2018. Certain entities in the consolidated group 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.

21. PROVISIONS (CONT'D)

ACCOUNTING POLICY

Provisions 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 of outflow can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government or corporate bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in the finance costs.

A provision for dividend is not recognised as a liability unless the dividend is declared, determined or publicly recommended on or before the reporting date.

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 twelve months are measured at their normal 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 twelve 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.

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

The Group recognises a provision and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Claims

Certain entities in the consolidated entity are party to various legal actions and claims which have arisen in the ordinary course of business.

Make good

A make good provision is recognised for the costs of restoration or removal in relation to plant and equipment and site leases where there is a legal or constructive obligation. The provision is initially recorded when a reliable estimate can be determined and discounted to present value. The unwinding of the effect of discounting on the provision is recognised as finance cost.

22. BORROWINGS

In thousands of dollars	2018	2017
Secured liabilities		
Non-current – bank loans	35,791	40,791

FINANCING ARRANGEMENTS

The ANZ loan facility was negotiated in October 2017. A $45.0 million revolving cash advance facility is available to Macquarie Media Limited until September 2020 (2017: $50.0 million), subject to continuous compliance with the terms of the facility agreement with the bank. The current floating interest rate on the bank loan facility is 4.12% (2017: 3.72%). The floating interest rate is reset every 30 days.

At 30 June 2018, $35.8 million was drawn (2017: $40.8 million). The Group has sufficient unused committed facilities and cash at the reporting date to finance maturing current interest-bearing liabilities.

BANK FACILITY SECURITY

The bank facility is secured by a Cross Deed of Covenant (‘Covenant’) between Macquarie Media Limited and its controlled entities. Refer to Note 13 for a list of controlled entities.

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. The carrying amount of assets pledged as security is a follows:

In thousands of dollars	2018	2017
Total current assets	51,579	51,687
Total non-current assets	220,995	226,443
Total assets	**272,574**	**278,130**

ACCOUNTING POLICY

Financial liabilities including borrowings are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using 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.

23. CONTRIBUTED EQUITY

	2018	2017
Number of fully paid ordinary shares	171,002,774	171,002,774
Number of total shares on issue at end of period	171,002,774	171,002,774
Value of issued capital at end of period	$85,587,000	$85,587,000

ACCOUNTING POLICY

Ordinary shares are classified as equity and entitle the holder to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on share held.

Ordinary shares entitle their holder to one vote, either in person, or by proxy, at general meetings of the Company.

Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a reduction from the proceeds.

24. EARNINGS PER SHARE (EPS)

In cents per share	2018	2017
Basic earnings per share		
Net profit attributable to owners of the parent	8.54	9.80
Net profit from continuing operations attributable to owners of the parent	6.83	10.13
Diluted earnings per share		
Net profit attributable to owners of the parent	8.52	9.80
Net profit from continuing operations attributable to owners of the parent	6.81	10.13
Earnings reconciliation - basic		
Net profit attributable to owners of the parent	14,605	16,754
Net profit from continuing operations attributable to owners of the parent	11,683	17,323
Earnings reconciliation - diluted		
Net profit attributable to owners of the parent	14,605	16,754
Net profit from continuing operations attributable to owners of the parent	11,683	17,323

24. EARNINGS PER SHARE (CONT'D)

In number of shares	2018	2017
Weighted average number of ordinary shares used in calculating basic EPS	171,002,774	171,002,774
Weighted average number of ordinary shares used in calculating diluted EPS	171,484,014	171,002,774

ACCOUNTING POLICY

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.

Diluted earnings per share

Diluted earnings per share is calculated by dividing the basic EPS earnings adjusted by the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

25. SHARE BASED PAYMENTS

At 30 June 2018 the Group had the following share-based payment arrangements:

Share appreciation rights (SARs)

A summary of the principal terms of the SAR plan are set out on pages 9 and 10 of the Remuneration Report.

The expense recognised in the year ended 30 June 2018 is $125,092 (2017: nil).

The amount recognised in the equity share based payment reserve for the year ended 30 June 2018 is $87,564 net of tax (2017: nil).

ACCOUNTING POLICY

The grant-date fair value of equity-settled-share-based-payment awards granted to employees is generally recognised as an expense with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based-payment-awards with market performance conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

26. RESERVES

In thousands of dollars	2018	2017
Asset revaluation reserve		
Balance at beginning of period	412	72
Other comprehensive income, net of income tax	454	340
Balance at end of period	866	412
Share based payment reserve		
Balance at beginning of period	-	-
Employee share-based payments	88	-
Balance at end of period	88	-
Total Reserves	**954**	**412**

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.

The share-based payment reserve is used to record the value of equity-settled share-based payments provided to employees as part of their remuneration.

27. RETAINED EARNINGS

In thousands of dollars	2018	2017
Movements in retained earnings were as follows:		
Balance at beginning of period	98,136	89,932
Net profit for the period	14,605	16,754
Dividends	(17,100)	(8,550)
Balance at end of period	**95,641**	**98,136**

28. DIVIDENDS

MACQUARIE MEDIA LIMITED (PARENT ENTITY)

In thousands of dollars	**2018**	**2017**
Final franked dividend for the year ended 30 June 2016 of 2.0 cents (2015: nil) per fully paid ordinary share 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 share paid on 2 March 2017		5,130
Final franked dividend for the year ended 30 June 2017 of 4.0 cents (2016: 2.0 cents) per fully paid ordinary share paid on 15 September 2017	6,840	-
A franked dividend of 3.0 cents per share was paid on 3 October 2017 following the receipt of proceeds from the sale of Satellite Music Australia Pty Ltd, and which did not relate to a specific period within the financial year that it was paid	5,130	
Interim franked dividend for the half year ended 31 December 2017 of 3.0 cents (2016: 3.0 cents) per fully paid ordinary share paid on 8 March 2018	5,130	-
Total dividends paid during the financial year	**17,100**	**8,550**
Dividends proposed but not declared or recognised until after year end	6,840	6,840

FRANKING CREDITS

	2018	**2017**
Franking credits of Macquarie Media Limited available for subsequent financial years based upon a tax rate of 30%	9,754	7,813

29. AUDITOR'S REMUNERATION

During the financial year the following amounts were paid or payable for services provided by the auditor of the parent entity:

	2018	**2017**
ASSURANCE SERVICES		
Ernst & Young		
Audit and review of financial reports	276,966	291,848
Total remuneration of auditors	**276,966**	**291,848**

There were no non-assurance services provided by Ernst & Young Australia or their affiliates (2017: none).

30. COMMITMENTS

OPERATING LEASE COMMITMENTS

The Group has entered into commercial leases on office and transmitter facilities.

Future minimum rentals payable under non-cancellable operating leases as at the period end are as follows:

In thousands of dollars	2018	2017
Within one year	4,335	4,218
Later than one year and not later than five years	4,867	9,307
Later than five years	1,327	1,222
Total operating lease commitments	**10,529**	**14,747**

Non-cancellable leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases can be renegotiated. The leases have remaining terms of between one and fifteen years and usually include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

CAPITAL COMITMENTS

At 30 June 2018 the Group had no capital commitments (2017: nil).

31. CONTINGENCIES

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 2018.

CLAIMS

From time to time, entities in the Group are sued for defamation and similar matters in the ordinary course of business. At the date of this report, there were no legal actions against the consolidated entity, other than those recognised in Note 21, that are expected to result in a material impact.

32. RELATED PARTY TRANSACTIONS

PARENT ENTITY

The parent entity within the Group is Macquarie Media Limited.

ULTIMATE PARENT

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

CONTROLLED ENTITIES

Interests in controlled entities are set out in Note 13.

KEY MANGEMENT PERSONNEL

Transactions with Director-related entities

The Company has a marketing service arrangement with RevTech Media Pty Ltd in relation to the marketing and delivery of products, including insurance, to persons aged 50 years and over. The Company and RevTech Media Pty Limited share the commission revenue derived from this arrangement on an equal basis. RevTech Media Pty Ltd is considered a related party of the Company as the Executive Chairman, Russell Tate, is also a Director of RevTech Media Pty Ltd. Revenue in relation to the marketing arrangement has been recognised as revenue in Note 4. Amounts receivable at the year-end in respect of the arrangement are included within receivables in Note 9.

Compensation of Key Management Personnel

In thousands of dollars	**2018**	**2017**
Short-term employee benefits	2,101,684	1,913,157
Post-employment benefits	66,458	65,593
Other long-term benefits	33,850	953
Termination benefits	-	-
Share-based payments	55,634	-
Total compensation paid to key management personnel	**2,257,626**	**1,979,703**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Interests held by Key Management Personnel under the Share Appreciation Plan

Details of interest held by KMP under the SAR Plan as at 30 June 2018 are included on page 12 of the Remuneration Report (2017: nil).

32. RELATED PARTY TRANSACTIONS (CONT'D)

TRANSACTIONS WITH RELATED PARTIES

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

In thousands of dollars		Sales to related parties	Purchases from related parties	Amount owed by related parties	Amount owed to related parties
Ultimate parent	2018	25	486	24	-
	2017	101	669	695	-
Associate	2018	-	464	28	503
	2017	-	761	92	547
Joint venture	2018	-	321	490	-
	2017	-	251	1,243	-
Other related entities	2018	2,696	1,003	4,175	-
	2017	1,160	920	2,357	-
Total transactions	**2018**	**2,721**	**2,274**	**4,717**	**503**
	2017	**1,261**	**2,601**	**4,387**	**547**

33. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES

In thousands of dollars	2018	2017
Profit from ordinary activities after income tax	14,604	16,754
Non-cash items		
Depreciation and amortisation – continuing operations	3,577	3,023
Depreciation and amortisation – discontinued operations	4	67
Contractual relationships amortisation	50	50
Bad debts expense	344	448
Share-based payment expense	125	-
(Profit)/Loss on sale of subsidiary	(3,890)	267
Share of profits of associates	171	(207)
Impairment of intangible assets – continuing operations	6,500	-
Impairment of intangible assets – discontinued operations	-	866
Loss on sale of plant and equipment	862	3
Loss on sale of intangibles	9	-
Changes in assets and liabilities		
Increase in receivables	(2,884)	(994)
Decrease in doubtful debts provision	(327)	(261)
Decrease in other assets	35	67
Increase/(Decrease) to provision	3,089	(541)
Movement in income tax balances	(2,797)	3,242
Increase/(Decrease) in trade payables and accruals	1,727	(10,910)
Cash flows generated by operations	**21,199**	**11,874**

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Reconciliation of cash at the end of the financial year (as shown in the Cash Flow Statement) to the related items in the financial statements is as follows.

In thousands of dollars	2018	2017
Cash at bank and at hand	18,584	18,129

ACCOUNTING POLICY

Cash comprises cash on hand and demand deposit. 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.

34. FINANCIAL INSTRUMENTS

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 2017.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 22, 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:

In thousands of dollars	Note	2018	2017
Debt	22	35,791	40,791
Cash and cash equivalents	8	(18,584)	(18,129)
Net debt		**17,207**	**22,662**
Equity		182,182	184,135
Net debt to equity ratio		**9%**	**12%**

CATEGORIES OF FINANCIAL INSTRUMENTS

In thousands of dollars	Note	2018	2017
Financial assets			
Trade and other receivables	9	32,897	30,442
Cash and cash equivalents	8	18,584	18,129
Available-for-sale financial assets	11	2,674	2,026
Financial liabilities			
Trade and other payables	19	12,110	10,990
Borrowings	22	35,791	40,791

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.

34. FINANCIAL INSTRUMENTS (CONT'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.

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 $182,000 (2017: increase/decrease of $204,000).

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.

FAIR VALUE

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

Financial instruments 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).

In thousands of dollars	**Fair value hierarchy**	**Valuation technique**	**2018**	**2017**
Equity securities	Level 1	Quoted bid prices in active market	2,674	2,026

34. FINANCIAL INSTRUMENTS (CONT'D)

FAIR VALUE (CONT'D)

Financial instruments 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:

In thousands of dollars	**Fair value hierarchy**	**2018**	**2017**
Financial assets			
Trade and other receivables	Level 2	32,897	30,442
Cash and cash equivalents	Level 1	18,584	18,129
Financial liabilities			
Trade and other payables	Level 2	12,111	10,990
Borrowings	Level 2	35,791	40,791

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 22 details the Group's drawn and undrawn facilities.

34. FINANCIAL INSTRUMENTS (CONT'D)

LIQUIDITY RISK MANAGEMENT (CONT'D)

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.

In thousands of dollars	Weighted average effective interest rate %	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5+ years
2018						
Non-interest bearing		-	12,111	-	-	-
Variable interest rate instruments	3.45%	-	368	1,105	37,264	-
Total at the end of the year	3.45%	-	12,479	1,105	37,264	-
2017						
Non-interest bearing		-	10,534	-	-	-
Variable interest rate instruments	3.76%	-	380	1,141	42,313	-
Total at the end of the year	3.76%	-	10,914	1,141	42,313	-

35. SEGMENT REPORTING

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

36. PARENT ENTITY DISCLOSURES

The following disclosures relate to Macquarie Media Limited as an individual entity, being the parent entity within the Group.

In cents per share	**2018**	**2017**
Financial position		
Assets		
Current assets	5,600	1,781
Non-current assets	186,542	200,246
Total assets	192,142	202,027
Liabilities		
Current liabilities	249	4,895
Non-current liabilities	35,791	40,791
Total liabilities	36,040	45,686
Equity		
Issued capital	107,342	107,342
Retained earnings	54,222	54,596
Available-for-sale asset revaluation reserve	(5,587)	(5,597)
Share-based payment reserve	125	-
Total equity	156,102	156,341
Financial performance		
Profit/(loss) for the year	16,727	(15,030)
Other comprehensive income	-	-
Total comprehensive loss	16,727	(15,030)

Movements in ordinary share capital

In thousands of dollars	**Number of shares**	**Value of shares $**
Balance as at 30 June 2017	171,002,774	107,342
Issue of ordinary shares	-	-
Balance at 30 June 2018	171,002,774	107,342

Contingent liabilities

The Parent Entity had no contingent liabilities at 30 June 2018 (2017: nil).

Significant accounting policies

The accounting policies of the Parent Entity are consistent with those of the Group.

37. SUBSEQUENT EVENTS

On 26 July 2018, Fairfax Media Limited (the ultimate parent entity) entered into a Scheme Implementation Agreement to merge with Nine Entertainment Co Holdings Limited (Nine). The proposed transaction will, subject to required approvals, be implemented by Nine acquiring all Fairfax Media Limited shares under a Scheme of Arrangement. Following completion, Nine shareholders will own 51.1% of the combined entity with Fairfax shareholders owning the remaining 48.9%.

The Company has evaluated subsequent events in the interval between the end of the financial year and the date of this report. No other significant events occurred that would have a material impact on the consolidated financial statements.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Macquarie Media Limited (the Company), I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

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

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2;

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   (d) as at the date of this declaration, there are reasonable grounds to believe that the Company and the subsidiaries identified in Note 13 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries.

2. This declaration has been made after receiving the declarations required to be made to the directors from the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018.

On behalf of the Board

Russell Tate
Chairman

Sydney
8 August 2018

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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 2018, 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 to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

b) 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also 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 report. 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 $86.3m and radio licenses of $103.1m) as at 30 June 2018. Given the challenging commercial radio advertising environment, the intangible assets are susceptible to impairment risk. Australian Accounting Standards require the Group to annually test the carrying value of goodwill and intangible assets with an indefinite life for impairment. As disclosed in Note 18 to the financial statements, the directors have assessed for impairment the goodwill and other intangible assets allocated to the Eastern Seaboard station and the Perth station cash generating units ("CGUs") and the whole of business CGU group at balance date. Impairment charges of $6.5 million were recognised in respect of the Perth station CGU. The assessment of the recoverable amount of CGUs for the purpose of impairment testing incorporates significant judgement in respect of factors such as industry conditions, forecast cash flows, growth and decline rates, discount rates and terminal growth rates.	Our audit procedures included the following: • We assessed whether the methodology used by the directors met the requirements of Australian Accounting Standards; • 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 forecasts; • We assessed the discount rate, revenue growth rates, cost growth rates 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.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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, 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.

Responsibilities of the Directors 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 relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to 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 the 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 the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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- 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 Group'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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 financial report represents 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.

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 13 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Macquarie Media Limited for the year ended 30 June 2018, 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 8 August 2018	Jodie Inglis Partner Sydney 8 August 2018

SHAREHOLDER INFORMATION

MACQUARIE MEDIA LIMITED AS AT 2 AUGUST 2018

DISTRUBUTION OF SHAREHOLDINGS

Ordinary Shares

Size of Holdings	Number of Holders	Number of Shares	% Issued Capital
1 – 100	27	392	0.00
101 – 200	2	324	0.00
201 – 300	4	1,052	0.00
301 – 400	7	2,466	0.00
401 – 500	22	10,719	0.01
501 – 1,000	174	162,629	0.09
1,001 – 5,000	250	607,525	0.36
5,001 – 10,000	53	438,343	0.26
10,001 – 100,000	68	2,384,539	1.39
100,001 and over	19	167,394,785	97.89
Total	**626**	**171,002,774**	**100.00**

TWENTY LARGEST SHAREHOLDERS

Ordinary Shares

Rank	Name	Holding	%
1	Fairfax Media Limited	93,196,512	54.50
2	John Singleton Promotions Pty Limited	55,356,705	32.37
3	HSBC Custody Nominees (Australia) Limited	6,760,909	3.95
4	PEC Nominees Pty Ltd	6,075,743	3.55
5	Hadiac Pty Limited	2,166,668	1.27
6	HSBC Custody Nominees (Australia) Limited – A/C 2	549,382	0.32
7	Disxon Trust Pty Limited	433,652	0.25
8	Mr Richard Ewan Mews	420,741	0.25
9	Aust Executor Trustees Ltd	363,963	0.21
10	Mr Richard Mews and Mrs Wee Khoon Mews	268,082	0.16
11	Mr Timothy John Eakin	255,000	0.15
12	R and C Tate Holdings Pty Limited	250,000	0.15
13	Lozotu Pty Limited	247,000	0.14
14	Carinya Investment Management Pty Ltd	225,000	0.13
15	Mr Russell Keith Tate	207,628	0.12
16	Lozotu Pty Limited	194,000	0.11
17	Canela Holdings Pty Ltd	150,000	0.09
18	Cameron Williams Pty Limited	139,000	0.08
19	Harley N Pty Limited	134,800	0.08
20	Mr Glen Coutinho	100,000	0.06
Total		**167,494,785**	**97.94**

SHAREHOLDER INFORMATION

MACQUARIE MEDIA LIMITED AS AT 2 AUGUST 2018

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

		Ordinary Shares	
Rank	Name	Holding	%
1	Fairfax Media Limited	93,196,512	54.50
2	John Singleton Promotions Pty Limited	55,356,705	32.37
Total		**148,553,217**	**86.87**

UNRESTRICTED SECURITIES

	Ordinary Shares	
	Number Held	Number of Holders
Unrestricted fully paid ordinary shares quoted on ASX	171,002,774	626
Total ordinary shares quoted on ASX	**171,002,774**	**626**

VOTING RIGHTS

In relation to ordinary shares, on a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

SECURITIES EXCHANGE LISTING

The shares of this Company are listed under the ASX Company Security Code “MRN” on the Australian Securities Exchange Limited.

SHAREHOLDER ENQUIRIES

Shareholders wishing to record a change of address or other holder details or have queries regarding their shareholding should contact the office of the share registry as detailed below. Shareholders with any other query are invited to contact the Company’s registered office as detailed in the Corporate Directory at the rear of this Annual Report.

CORPORATE DIRECTORY

ACN

063 906 927

Directors

Russell Tate
Gregory Hywood
James Millar AM
Monique Anderson
Louise McCann

Company Secretary

Lisa Young
Karen Birner (Acting)

Chief Executive Officer

Adam Lang

Auditors

Ernst & Young

Solicitors

Banki Haddock Fiora
Baker and McKenzie
Clayton Utz

Banker

Australia and New Zealand Banking Group Limited

Share register

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

Stock Exchange Listing

The shares of Macquarie Media Limited are listed on the Australian Securities Exchange (ASX: MRN)

Principal Place of Business

Level 1, 33-35 Saunders Street
Pyrmont NSW 2009

Registered Office

Ground Floor, 33-35 Saunders Street
Pyrmont NSW 2009

Annual General Meeting

The Annual General Meeting of Macquarie Media Limited is to be held on 8 November 2018 at 11am at a location to be confirmed.

MACQUARIE
MEDIA LIMITED