



25 February 2021

Company Announcements Office
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

PRIME MEDIA GROUP LIMITED (ASX: PRT)

Attached is an Appendix 4D and Financial Report for the Half-Year Ended 31 December 2020.

Authorised for release by the Board of Prime Media Group Limited.

For further information, please contact:

John Palisi

Chief Financial Officer & Company Secretary
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PRIME MEDIA GROUP

APPENDIX 4D

Financial report for the half-year ended 31 December 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

All comparisons to the half-year ended 31 December 2019	31 Dec 2020 \$'000	31 Dec 2019 \$'000	Up/(Down) \$'000	Movement %
Total revenue	91,746	90,846	900	1.0
Earnings before interest, income tax, depreciation and amortisation (EBITDA)	19,100	11,533	7,567	65.6
Depreciation and amortisation expenses	(4,424)	(5,119)	(695)	(13.6)
Operating profit	14,869	6,276	8,593	136.9
Net tax expense	(4,422)	(1,713)	2,709	158.1
Net profit attributable to members	10,124	4,461	5,663	126.9

DIVIDEND INFORMATION

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
Final dividend 2020 (paid during current reporting period)	Nil	Nil	Nil
Interim dividend 2021 (not yet paid)	Nil	Nil	Nil

There are no dividend or distribution reinvestment plans in operation.

EARNINGS PER SECURITY (CENTS PER SHARE)

	Current Period	Previous Corresponding Period
Basic EPS	2.8	1.2
Net tangible assets per security (cents) ¹	16.4	11.8

This information should be read in conjunction with the 2020 Annual Report for Prime Media Group Limited and its controlled entities and any public announcements made in the period by Prime Media Group Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2020. The financial performance of Prime Media Group Limited and its controlled entities was impacted by the COVID-19 pandemic during the reporting period and commentary has been provided in the Directors' Report.

This report is based on the consolidated financial statements for the half-year ended 31 December 2020 of Prime Media Group Limited and its controlled entities, which have been reviewed by Ernst & Young.

¹ Right-of-use assets have been excluded from Net tangible assets.

Directors' Report

Your directors submit their report for the half-year ended 31 December 2020.

This half-year report includes the results of Prime Media Group Limited ("the Company") and the entities that it controlled during the period ("the Group"). The Group's functional and presentation currency is AUD (\$).

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

Peter J. Macourt (Chair)

Ian R. Neal

Cass A. O'Connor

Ian McGill - appointed 9 December 2020

Joshua Lowcock - appointed 9 December 2020

Ian C. Audsley (Chief Executive Officer)

RESULTS FROM OPERATIONS

STATUTORY RESULT

The Group's consolidated profit after tax attributable to the members of Prime Media Group Limited of \$10,124,000 increased \$5,663,000 or 126.9% on the prior period. This result included Public Interest News Gathering (PING) grant revenue of \$1,791,000 and JobKeeper Payment subsidies of \$3,413,000 which have been disclosed as Other Income. The Company was not eligible for subsidies under the JobKeeper Payment scheme after 28 September 2020.

Revenue from contracts with customers of \$86,143,000 declined \$4,250,000 or 4.7% on the prior period. National advertising revenues declined \$445,000 or 0.7% on the prior period, having benefitted from the compressed AFL season and commencement of Test Cricket and the Big Bash League during the reporting period. Local advertising revenues declined \$3,527,000 or 14.6% on the prior period due to a decline in consumer sentiment and a general economic downturn as a result of the COVID-19 pandemic.

During the reporting period, the Group maintained a market leading total revenue share of 41.0% in the aggregated regional market of New South Wales and Victoria. The Group's advertising revenue in the aggregated regional market declined 6.1% on the prior period, compared to the market decline of 5.5% in the same period.

Cost of sales, which includes affiliation fees due to the Seven Network under the program supply agreement, declined by \$4,190,000 or 8.0% on the prior period as a result of lower advertising revenues.

Total operating expenses of \$24,039,000 decreased \$2,808,000 or 10.5% on the prior period. Employee benefits expense decreased \$916,000 or 5.3% on the prior period primarily due to measures taken as a result of the COVID-19 pandemic including key management and directors agreeing a temporary reduction in base salary and employees reducing work hours for a 3 month period ending September 2020. The prior period included one-off non-recurring costs associated with the proposed scheme of arrangement with the Seven Network of \$1,525,000.

The Group's share of losses from joint ventures that broadcast Nine Entertainment programming in regional Western Australia and Mildura was \$171,000. During the reporting period Nine Entertainment served notice on both joint ventures that the respective program supply agreements would end 30 June 2021. As a result, the Group's interests in these joint ventures has been fully impaired.

Finance costs of \$152,000 relate to lease interest and commitment fees for an undrawn debt facility with the ANZ bank. The undrawn facility limit at the reporting date was \$10 million.

At 31 December 2020 the Group had cash at bank of \$31,422,000 and no interest bearing debt. Net cash flow from operating activities of \$16,522,000 increased \$2,929,000 or 21.5% compared to the prior period. During the reporting period the Group received one-off non-recurring payments for JobKeeper Payment subsidies totalling \$4,400,000 and PING grant revenue of \$4,233,000. The Group's net cash flow from operating activities excluding government subsidies of \$7,889,000 declined \$5,704,000 or 42.0% on the prior period. In the prior period the Group paid one-off non-recurring costs associated with the proposed scheme of arrangement with the Seven Network of \$1,060,000. Net cash flow used in investing activities increased by \$1,476,000 on the prior period and primarily related to the purchase of transmission and computer equipment. Included in the prior comparative period were net loan funds received from related parties of \$450,000.

Directors' Report

DIVIDEND

During the reporting period the Company's net cash position improved as a result of government grant funding, the temporary reduction in employee costs and deferral of other activities as a result of the COVID-19 pandemic. The Company announced at the 2020 Annual General Meeting that it was exploring opportunities to diversify its revenue base. This decision has been taken due to the significant uncertainty in regional advertising markets. In light of the above, the dividend program remains suspended at this time. The Board is mindful of shareholder expectations for reinstatement of the dividend program, which will be reviewed with the full-year results.

NET PROFIT BEFORE SPECIFIC ITEMS AND AFTER TAX

The Group has historically provided a reconciliation of core net profit before specific items and after tax to statutory net profit after tax. However, the Group's core net profit after tax has been significantly impacted by the COVID-19 pandemic and government assistance during the reporting period. Provided in the table below are details of specific items for the reporting period. In addition to these specific items, the Group made additional temporary operational changes in response to the pandemic that reduced operating expenses.

	31 DEC 2020	31 DEC 2019
	\$'000	\$'000
– Redundancies	-	18
– Non-recurring legal and consulting expenses	-	1,525
– PING grant revenue	(1,791)	-
– JobKeeper subsidy	(3,413)	-
– Employee cost savings including JobKeeper stand down directions	(379)	-
– Expected credit loss adjustment	(418)	(24)
– Impairment of investments in associates	171	-
– Income tax expense/(benefit) related to specific items	1,749	(456)

ROUNDING OF AMOUNTS

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

AUDITORS INDEPENDENCE DECLARATION

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

SUBSEQUENT EVENTS

There were no subsequent events after the reporting date that required disclosure.



C.A. O'Connor
Director

Sydney, 25 February 2021



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

As lead auditor for the review of the financial report of Prime Media Group Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in blue ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in blue ink that reads 'Michael J Wright' in a cursive style.

Michael J Wright
Partner
25 February 2021

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2020

	NOTES	31 DEC 2020 \$'000	31 DEC 2019 \$'000
Revenue and other income			
Revenue from contracts with customers		86,143	90,393
Interest income		22	45
Other income	3(A)	5,581	408
Total revenue and other income		91,746	90,846
Cost of sales		(48,414)	(52,604)
Gross profit		43,332	38,242
Broadcasting and transmission expenses		(20,006)	(20,503)
Administration and marketing expenses		(4,033)	(6,344)
Depreciation and amortisation expenses		(4,424)	(5,119)
Operating profit		14,869	6,276
Finance costs	3(B)	(152)	(284)
Share of associate (losses)/profits		(171)	182
Profit before income tax		14,546	6,174
Income tax expense		(4,422)	(1,713)
Profit for the half-year		10,124	4,461
Total comprehensive income for the half-year		10,124	4,461
Profit attributable to the owners of the parent for the half-year		10,124	4,461
Basic Earnings per share (cents per share)		2.8	1.2
Diluted Earnings per share (cents per share)		2.8	1.2

Interim Consolidated Statement of Financial Position

As at 31 December 2020

	NOTES	31 DEC 2020 \$'000	30 JUN 2020 \$'000
ASSETS			
Current Assets			
Cash and short term deposits		31,422	17,148
Trade and other receivables		34,164	27,256
Intangible assets		3,000	3,000
Other assets		2,315	4,905
Total Current Assets		70,901	52,309
Non-Current Assets			
Investment in associates		-	121
Property, plant and equipment		17,914	18,696
Right-of-use assets		3,796	4,689
Intangible assets		4,585	6,160
Deferred tax assets		1,567	871
Other assets		415	488
Total Non-Current Assets		28,277	31,025
Total Assets		99,178	83,334
LIABILITIES			
Current Liabilities			
Trade and other payables		10,091	7,766
Deferred income	5	4,378	2,098
Lease liabilities		1,599	1,606
Provisions		5,615	5,931
Current tax liabilities		2,491	31
Total Current Liabilities		24,174	17,432
Non-Current Liabilities			
Deferred income	5	722	792
Lease liabilities		2,403	3,295
Provisions		403	463
Total Non-Current Liabilities		3,528	4,550
Total Liabilities		27,702	21,982
Net Assets		71,476	61,352
EQUITY			
Equity attributable to equity holders of the parent interest			
Contributed equity	6	310,262	310,262
Reserves		37,252	27,180
Accumulated losses		(276,038)	(276,090)
Parent Interests		71,476	61,352
Total Equity		71,476	61,352

Interim Consolidated Statement of Changes in Equity

As at 31 December 2020

	Issued Capital	Accumulated Losses	Employee Benefits Reserve	Profits Reserve	Total Parent Entity Interest
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2020	310,262	(276,090)	3,722	23,458	61,352
Profit for the period	-	10,124	-	-	10,124
Profits reserved	-	(10,072)	-	10,072	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income and expense for the period	-	52	-	10,072	10,124
Transactions with equity holders in their capacity as equity holders:					
At 31 December 2020	310,262	(276,038)	3,722	33,530	71,476

	Issued Capital	Accumulated Losses	Employee Benefits Reserve	Profits Reserve	Total Parent Entity Interest
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2019	310,262	(276,306)	3,722	17,063	54,741
Profit for the period	-	4,461	-	-	4,461
Other comprehensive income	-	-	-	-	-
Total comprehensive income and expense for the period	-	4,461	-	-	4,461
Transactions with equity holders in their capacity as equity holders:					
At 31 December 2019	310,262	(271,845)	3,722	17,063	59,202

Interim Consolidated Statement of Cash Flows

Half-Year Ended 31 December 2020

NOTES

	31 DEC 2020	31 DEC 2019
	\$'000	\$'000
OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	88,547	104,026
Receipts from government grants (inclusive of GST)	8,633	-
Payments to suppliers and employees (inclusive of GST)	(77,966)	(87,986)
Interest received	23	47
Interest paid	(57)	(149)
Income tax paid	(2,658)	(2,345)
NET CASH FLOWS FROM OPERATING ACTIVITIES	16,522	13,593
INVESTING ACTIVITIES		
Purchase of property, plant & equipment and intangible assets	(1,254)	(278)
Loan funds received from related entities	-	750
Loan funds paid to related entities	(50)	(300)
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES	(1,304)	172
FINANCING ACTIVITIES		
Proceeds from borrowings	-	18,000
Repayments of borrowings	-	(26,000)
Payment of principal portion of lease liabilities	(821)	(769)
Debt facility establishment and commitment fees	(123)	(258)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(944)	(9,027)
NET INCREASE CASH AND CASH EQUIVALENTS	14,274	4,738
Cash and cash equivalents at beginning of period	17,148	6,443
CASH AND CASH EQUIVALENTS AT END OF PERIOD	31,422	11,181

Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

1. CORPORATE INFORMATION

The interim consolidated financial report of Prime Media Group Limited (the “Company” or the “Group”) for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 25 February 2021.

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

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

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

2.1 Basis of preparation

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

The half-year consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 30 June 2020 and any public announcements made by the Company during the half-year ended 31 December 2020.

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

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the half-year consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 June 2020, except for the adoption of new accounting standards effective as of 1 July 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time from 1 July 2020, but do not have an impact on the half-year consolidated financial statements of the Group.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

3. REVENUE AND EXPENSES

	CONSOLIDATED	
	31 DEC 2020	31 DEC 2019
	\$'000	\$'000
(A) INCOME		
Advertising and other revenue from contracts with customers	86,143	90,393
Finance income	22	45
Other revenue	5,581	408
	91,746	90,846
<i>Breakdown of Other revenue</i>		
JobKeeper Payment subsidy	3,413	-
PING grant revenue	1,791	-
Other revenue	377	408
	5,581	408
(B) FINANCE COSTS		
Interest on debt and borrowings	-	66
Debt facility charges	95	140
Interest on lease liabilities	57	78
	152	284
(C) EMPLOYEE BENEFIT EXPENSE		
Wages and salaries	14,827	15,949
Redundancy expense	-	18
Superannuation expense	1,192	1,256
Other employee benefits expense	506	218
	16,525	17,441
(D) OTHER EXPENSES		
Bad debts and expected credit losses and credit notes – trade debtors	(394)	4

Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

4. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE SEGMENTS

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

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

5. DEFERRED INCOME

	CONSOLIDATED	
	31 DEC 2020	30 JUN 2020
	\$'000	\$'000
Current		
Deferred income	4,378	2,098
	4,378	2,098
Non-current		
Deferred income	722	792
	722	792

Deferred income includes the Group's obligations for monies received but not earned from the Public Interest News Gathering grant totalling \$2,580,000. The Group expects to complete its obligations under the grant in August 2021.

6. CONTRIBUTED EQUITY

(A) ISSUED AND PAID UP CAPITAL

	CONSOLIDATED	
	31 DEC 2020	30 JUN 2020
	\$'000	\$'000
Ordinary shares fully paid		
366,330,303 shares (June 2020: 366,330,303 shares)	310,262	310,262

7. COMMITMENTS

At 31 December 2020, the Group had capital commitments of \$182,000 (June 2020: \$1,080,000). The majority of the capital commitments relate to the acquisition of transmission equipment, broadcast and computer hardware, and software.

8. SUBSEQUENT EVENTS

There were no subsequent events after the reporting date that required disclosure.

Directors' Declaration

For the Half-Year Ended 31 December 2020

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

In the opinion of the directors:

- a. The financial statements and notes of Prime Media Group Limited for the half-year ended 31 December 2020 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



C.A. O'Connor
Director

Sydney, 25 February 2021



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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Prime Media Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules and the directors' declaration.

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

- a) the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
 - ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b) the ASX Listing Rules as they relate to Appendix 4D.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and complies with the ASX Listing Rules as they relate to Appendix 4D. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Michael J Wright
Partner
Sydney
25 February 2021