

Corporate Directory

PACIFIC STAR NETWORK LIMITED **ABN 20 009 221 630**

Directors

Craig Coleman (Chairman)
Colm O'Brien
Andrew Moffat
Craig Hutchison
Chris Giannopoulos
Ronald Hall (alternate)

Company Secretary

Jodie Simm

Registered Office

Level 5, 111 Coventry Street
SOUTHBANK VIC 3006
Telephone: (03) 8825 6600
Email: info@pacificstarnetwork.com.au
Internet: www.pacificstarnetwork.com.au

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnson Street
ABBOTSFORD VIC 3067
Telephone: 1300 137 328
Facsimile: 1300 134 341

Stock Exchange Listing

Pacific Star Network Limited ordinary shares are quoted on the Australian Securities Exchange (ASX code: PNW)

Annual General Meeting

Annual General Meeting will be held on Friday 30 November 2018 at 3.00pm.

The venue for the meeting is Level 5, 111 Coventry Street, SOUTHBANK VIC 3006

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Directors' Report

The directors of Pacific Star Network Limited, the consolidated entity, submit herewith the financial report for the year ended 30 June 2018.

In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names and particulars of the directors of the company at any time during or since the end of the financial year are:

Name	Particulars
Craig Coleman	Appointed Non-Executive Director and Chairman on 15 November 2017
Colm O'Brien	Appointed Non-Executive Director on 8 September 2015
Andrew Moffat	Appointed Non-Executive Director on 15 November 2017
Craig Hutchison	Appointed Chief Executive Officer & Managing Director on 29 March 2018
Chris Giannopoulos	Appointed Executive Director on 29 March 2018
Ronald Hall	Appointed Non-Executive Director on 13 February 2002 Resigned 15 November 2017 Reappointed as an alternative Non-Executive Director on 18 November 2017
John Bertrand AO	Appointed Non-Executive Director and Chairman on 25 November 2016 Resigned 15 November 2017
Gary Pert	Appointed Non-Executive Director on 1 July 2008 Resigned 15 November 2017
Peter Quattro	Appointed Non-Executive Director on 7 December 2016 Resigned 15 November 2017
Michael Nettlefold	Appointed Non-Executive Director on 25 August 2017 Resigned 15 November 2017

Current Directors

The biographies for current directors are detailed below:

Mr Craig Coleman

Chairman and Non-Executive Director (BComm)

Mr Coleman was appointed as Chairman and to the Board in November 2017.

Mr Coleman is Executive Chairman of private and public equities fund manager, Viburnum Funds Pty Ltd. Previously, he was Managing Director and a Non-Executive Director of Home Building Society Limited. Prior to joining Home Building Society, Mr Coleman held a number of senior executive positions and directorships with ANZ, including Managing Director - Banking Products, Managing Director - Wealth Management and Non-Executive Director of Etrade Australia Limited.

Mr Coleman is also currently a Director of Bell Financial Group Limited and Universal Biosensors Inc.

Directors' Report Cont'd

Current Directors Cont'd

Mr Colm O'Brien

Non-Executive Director (BCL (Hons), UCC, AICD)

Mr O'Brien has over 20 years' experience at executive level, including ten years as CEO with ASX-listed media company Aspermont Limited. In addition to his media industry experience, Mr O'Brien has worked in international financial services, tier one management consultancy at Andersen Consulting and Barclays Bank Plc.

Mr O'Brien is a director of Carrington Partners, a specialised management consultancy business focused on Board and Executive level practical advice and is also a non-executive director of Serpentine Technologies.

Mr Andrew Moffat

Non-Executive Director

Mr Moffat has in excess of 23 years of corporate and investment banking experience, including serving as a director of Equity Capital markets and Advisory for BNP Paribas Equities (Australia) Limited.

Mr Moffat is the sole principal of Cowoso Capital Pty Ltd, a company providing corporate advisory services and is also a non-executive Director of 360 Capital Group Limited, ICP Funding Pty Ltd and was previously Chairman of PNW.

Mr Ronald Hall

Non-Executive Director

Mr Hall is the founder and promoter of a number of successful Melbourne-based retail businesses. Mr Hall has been a long-time supporter of radio for marketing his products.

Mr Craig Hutchison

Chief Executive Officer & Managing Director

Mr Hutchison started out with the Herald Sun newspaper in 1994. After a successful career in papers he moved to radio. Mr Hutchison transitioned into television in 1997, reporting for Channel 10, then Channel 7, establishing himself as one of the AFL's greatest news-breakers. He has co-hosted Nine's popular Footy Classified for the past 11 seasons.

During his previous journalism career, Mr Hutchison won many awards, including journalism's highest honour, the prestigious Walkley Award, and a Quill Award. He has also won the Australian Football Media Association Award for Best Electronic Reporter 11 times.

Mr Hutchison co-founded Crocmedia in 2006, which has grown to become a key player in the AFL landscape under his leadership.

Mr Chris Giannopoulos

Executive Director

Mr Giannopoulos was Director of Client Management and New Business Development at IMG for 14 years before he joined Crocmedia in March 2011. He has extensive media contacts and strong negotiation skills and is focusing on its live sports rights acquisitions, building Crocmedia's distribution partnerships and syndication business along with overseeing Bravo Talent Management and its expansion.

Directors' Report Cont'd

Information on Company Secretary

Ms Jodie Simm (CA)

Company Secretary

Ms Simm has had 10 years' experience working with Deloitte Growth Solutions as a Client Director consulting to SME's regarding all tax, business and accounting issues before working with Crocmedia for the last 10 years.

Ms Simm is a member of the Institute of Chartered Accountants and has a Bachelor of Economics.

Directorship of other Listed Companies

Directorships of other listed companies held by directors in the three years preceding the end of the financial year are as follows:

Craig Coleman: Universal Biosensors Inc – Chairman
Pulse Health Limited – Non-Executive Director
Keybridge Capital Limited – Non-Executive Director
Rubik Financial Limited – Chairman
Bell Financial Group Limited – Non-Executive Director

Colm O'Brien: Serpentine Technologies Limited – Non-Executive Director
Aspermont Limited – Non-Executive Director
Maygar Mining PLC – Non-Executive Director

Andrew Moffat: 360 Capital Group Limited – Non-Executive Director
Keybridge Capital Limited – Chairman
Rubik Financial Limited – Non-Executive Director

Principal Activities

Pacific Star Network Limited is a media company with interests in specialised niche audiences in both broadcasting (SEN, SEN+, Aussie, Koool and Rythmos) and in publishing (frankie, Smith Journal, Spaces, and Inside Football magazine) and associated digital assets.

The acquisition of Crocmedia creates an expanded sports content and entertainment business, which through its other complementary business units, has capabilities to deliver brand stories to national, metropolitan and regional audiences with unique and exclusive content via multiple platforms including radio, television, online, in-stadium and events.

Significant Changes in the State of Affairs

On 29 March 2018 the Company successfully completed its acquisition 100% of the shares in Crocmedia for scrip consideration of \$22,899,550 (91,598,199 ordinary shares at 25 cents). At the time of the transaction 40,000,000 ordinary shares were issued under placement for \$10,000,000.

Directors' Report Cont'd

Review of Operations

The Company reports a net loss after tax of \$2.986 million compared to the corresponding period (2017: \$7.341 million loss).

Underlying EBITDA (excluding significant items of \$4.227 million) was \$3.679 million, up 18% on the comparative period (2017: \$3.116 million).

Loss per Share

The basic loss per share was 2.8 cents (2017 loss: 10.1 cents) and the diluted loss per share was 2.8 cents (2017 loss: 10.1 cents). Underlying earnings per share was 1.1 cents (2017: 1.6 cents).

The weighted average number of ordinary shares on issue during the financial year used in the calculation of basic loss per share was 104,891,340 shares (2017: 72,363,182 shares).

Events since the end of the Financial Year

Acquisition of Share in Melbourne United Basketball Club Pty Ltd

On 16 July 2018, the Group acquired a 25% share in the issued capital of Melbourne United Basketball Club Pty Ltd. Melbourne United is the reigning premier in the National Basketball League competition and represents a unique end-to-end opportunity for our brand partners while also adding to the Group's portfolio of live sports broadcasting.

The acquisition is funded out of operating cash flow with \$1.0 million paid on completion. The contract provides additional commitments over three years if agreed revenue targets are not met.

Acquisition of AFL Publications Business

On 30 July 2018 the Group acquired 100% of the AFL Publications business for a purchase price of \$8.1 million comprising \$5.85 million cash and \$2.25 million prepaid advertising to be retained by the AFL. The marquee AFL Record publication has been the official AFL match program for more than 100 years.

The \$5.850 million is to be funded out of operating cash flow and existing debt facilities with \$2.1 million paid on completion and a further two instalments of \$1.7 million payable on 31 October 2018 and 31 October 2019.

The Group has not yet finalised its fair value assessment of the net assets acquired and goodwill. As such, no further information about this has been disclosed.

Disposal of Morrison Media Publications Business

On 13 September 2018 the Group disposed of 100% of the Morrison Media Services Pty Ltd business for total cash consideration of \$2.4 million less working capital adjustments payable 70% on completion and 30% on 30 June 2019.

The disposal aligns with the Company's strategic direction focusing on sport related content and complementary assets which will be continued with the recent acquisition of the AFL Record publication.

New Debt Facility with Commonwealth Bank of Australia

On 31 August 2018 the Group negotiated a new \$15.1 million debt facility with the Commonwealth Bank of Australia.

Directors' Report Cont'd

Likely Developments and Expected Results of Operations

Certain information regarding likely developments in the operations of the Group in future financial years is set out above or elsewhere in the Financial Report. The disclosure of other information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group or any entity that is part of the Group. Accordingly, the directors have chosen not to disclose this information in this report.

Dividends

Dividends paid during the year were as follows:

	2018 \$'000s	2017 \$'000s
Interim dividend paid half year ended 31 December	-	736
Final dividend paid prior year ended 30 June	-	436
	-	1,172

Auditors

BDO East Coast Partnership continues in office in accordance with section 327 of the *Corporations Act 2001*.

Compliance with National Greenhouse & Energy Reporting (NGER) Act

The Company is not subject to any significant and / or particular NGER framework.

Indemnification of Officers and Auditors

During the financial year, premiums were paid to insure Directors and Officers against liabilities and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as an officer, other than conduct involving a wilful breach of duty in relation to the Company.

The amount of the premium is not disclosed under the terms and conditions of the policy.

As at the date of this report, no amounts have been claimed or paid in respect of this indemnity, other than the premium referred to above. During or since the financial period, the Company has not indemnified or made a relevant agreement to indemnify the auditor against a liability incurred as auditor.

Shares and Options granted to Executives and Employees

Key Management Personnel (KMP) have been granted options over ordinary shares that can be exercised at future dates. If all performance conditions were met during the term, up to 7,336,405 options could be exercised as long-term incentives (LTI) for nil consideration.

During the period, 64,516 ordinary shares were issued on the exercise of 64,516 options at nil consideration.

For further information about options issued to KMP refer to page 15 of the Remuneration Report.

Directors' Report Cont'd

The relevant interests of current directors' shares in the Company or a related body corporate as at the date of this report are as follows:

Directors	No. of Fully Paid Ordinary Shares
Andrew Moffat	3,002,700
Chris Giannopoulos	8,845,980
Colm O'Brien ¹	51,209
Craig Coleman	46,851,198
Craig Hutchison	49,410,736
Ronald Hall ²	20,109,998
Total	128,271,821

Meetings of Directors

The table below sets out the number of board meetings held during the year and the number of meetings attended by each director. For the reporting period, 14 board meetings were held.

Directors	Eligible to attend	Attended
Ronald Hall	5	5
Colm O'Brien	14	14
Gary Pert (to 15 November 2017)	5	5
John Bertrand AO (to 15 November 2017)	5	5
Peter Quattro (to 15 November 2017)	5	4
Michael Nettlefold (to 15 November 2017)	5	1
Craig Coleman (from 15 November 2017)	10	10
Andrew Moffat (from 15 November 2017)	10	10
Craig Hutchison (from 29 March 2018)	4	4
Chris Giannopoulos (from 29 March 2018)	4	4

¹ C O'Brien's interest in ordinary shares is held through the Douglas Trust.

² R Hall holds a beneficial interest through Tosca Boxer Pty Ltd atf Hall Family Trust.

Remuneration Report (Audited)

This Remuneration Report, which has been audited, outlines director and executive remuneration arrangements in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this report, Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the business, directly or indirectly, as an executive.

Key Management Personnel disclosed in this report

Directors	Position	Period
Ronald Hall	Non-Executive Director / Alternative Director	Full year
Colm O'Brien	Non-Executive Director	Full year
John Bertrand AO	Non-Executive Director and Chairman	01/07/17 - 15/11/17
Gary Pert	Non-Executive Director	01/07/17 - 15/11/17
Peter Quattro	Non-Executive Director	01/07/17 - 15/11/17
Michael Nettlefold	Non-Executive Director	25/07/17 - 15/11/17
Craig Coleman	Non-Executive Director and Chairman	15/11/17 - 30/06/18
Andrew Moffat	Non-Executive Director	15/11/17 - 30/06/18
Craig Hutchison	Chief Executive Officer and Executive Director	29/03/18 - 30/06/18
Chris Giannopoulos	Executive Director	29/03/18 - 30/06/18

Other Key Management Personnel	Position	Period
Stephen Sweeney	Company Secretary / Chief Financial Officer	01/07/17 – 31/03/18
David Hung	Group Sales Director - Broadcasting	01/07/17 – 02/04/18
Mark Johnson	Group Program Director - Broadcasting	01/07/17 – 05/10/17
Cathy Thomas	General Manager - Broadcasting	01/07/17 – 31/03/18
Helen Davies	Operations Director - Broadcasting	01/07/17 – 31/03/18
Gaye Murray	General Manager - frankie press	01/07/17 – 31/03/18
Jodie Simm	Company Secretary / Chief Operating Officer	01/04/18 – 30/06/18
Richard Simkiss	Group Business Director	01/04/18 – 30/06/18
Sam Bingley	Chief Commercial Officer (SEN)	01/04/18 – 30/06/18
Tim Cleary	Chief Content Officer	01/04/18 – 30/06/18

Principles used to determine the nature and amount of remuneration

The principal objective is to ensure that rewards paid for performance are competitive and are commensurate with the results achieved.

The guiding principles for developing executive remuneration are:

- Remuneration should include an appropriate mix of fixed and performance-based variable pay components;
- The various components of remuneration should be understandable, transparent and easy to communicate; and
- Remuneration practices should be acceptable to internal and external stakeholders.

In approving budgets, the Board sets out to link remuneration policies with financial performance.

Remuneration Report (Audited) Cont'd

Use of remuneration consultants

Directors have not engaged the services of remuneration consultants during the reporting period.

Relationship between remuneration and the company's financial performance

Financial Performance - \$'000s	2018	2017	2016	2015	2014
(Loss)/profit for year before tax attributable to owners	(2,595)	(6,732)	1,429	413	1,453
(Loss)/profit for year after tax attributable to owners	(2,986)	(7,341)	1,093	(79)	953
Basic (loss)/earnings per share (cents)	(2.8)	(10.1)	1.5	(0.1)	1.8
Dividends per share (cents)	-	0.6	2.4	2.3	1.6
Dividend payments (\$'000s)	-	1,172	1,681	1,350	911
Dividend payout ratio – underlying earnings (%)	-	101%	99%	109%	96%
Share price at year end (A\$)	0.33	0.25	0.18	0.28	0.31
KMP incentives as % of (loss) profit after tax for the year ³	8%	1%	7%	344%	18%

In accordance with best practice corporate governance, the structure of non-executive Director and other KMP remuneration is separate and distinct.

Non-executive directors are remunerated with fees within the aggregate limit approved by shareholders. Each non-executive director receives a fixed fee for being a director.

Directors' remuneration for the period ending 30 June 2018 is detailed on page 13.

Directors are remunerated for providing additional services based on market rates and the range of skills and experience they bring to the Company.

The Company rewards executives with a mix of remuneration commensurate with their position and responsibilities, and remuneration structures are reviewed regularly to ensure that:

- remuneration is competitive by market standards;
- rewards are linked to strategic goals and performance; and
- accountabilities and deliverables are clearly defined to minimise potential conflicts of interest and promote effective decision-making.

Total remuneration is made up of the following elements:

- fixed remuneration;
- short-term incentives (STIs); and
- long-term incentives (LTIs).

Fixed remuneration is determined to provide a base level of remuneration appropriate to the position that is competitive and takes account of each individual's experience, qualifications, capabilities and responsibilities. It is benchmarked to ensure that remuneration is competitive with the market.

KMP receive fixed remuneration in cash. This remuneration is detailed on page 13.

³ KMP incentives are short / long-term incentives per the Remuneration Report.

Remuneration Report (Audited) Cont'd

STIs are based on achieving Key Performance Indicators (KPIs) that focus participants on achieving personal and business goals that create sustainable shareholder value. STI

payments primarily relate to sales-based commissions linked to actual performance in a financial year.

STI arrangements are such that there are no maximum or forfeited commission amounts.

STIs are dependent on achieving KPIs linked to key business drivers. STIs include financial incentives to employees for achieving or exceeding monthly, quarterly and annual targets.

The senior management team is responsible for assessing the performance of individuals against KPIs on a periodic basis, and they have the discretion to recommend other STIs over and above target amounts. The senior management team presents recommendations to the full board for approval.

A total of 209,032 options lapsed during the year due to a combination of employees leaving their employment and individuals not achieving KPIs in the prior financial year.

Options are exercisable into an equivalent number of escrowed ordinary shares. A condition of exercising options is that the recipient is restricted from dealing in those shares during the escrow period. Details of options granted are disclosed on page 15. The table on the next page summarises the performance and vesting conditions for options that may be issued under the LTI plan, as at the date of this report.

The performance conditions required to be achieved by KMP vary depending on the responsibilities and accountabilities of each individual KMP.

Series	Issued	Vesting Timing	Vesting Conditions
Issue 9	12/05/2015	Subject to achieving KPIs, options may vest over a three-year period.	<ul style="list-style-type: none"> (i) Manage annual budget and business plans; (ii) Identify, manage and mitigate material risks of the business; (iii) Meet key deliverables of role on a consistent basis and contribute to group objectives. (iv) Achieve annual EBITDA targets at business unit and group level; (v) Continuing to be employed at vesting date.
Issue 10	07/09/2015	Subject to achieving KPIs, options may vest over a three-year period.	<ul style="list-style-type: none"> (i) Manage annual budget and business plans; (ii) Identify, manage and mitigate material risks of the business; (iii) Meet key deliverables of role on a consistent basis and contribute to group objectives. (iv) Achieve annual KPIs at business unit and group level; (vi) Continuing to be employed at vesting date.
Issue 11	04/12/2015	Subject to vesting six months from date of issue	<ul style="list-style-type: none"> (i) No escrow or vesting conditions and exercisable at 30 cents per share

Series	Issued	Vesting Timing	Vesting Conditions
Issue 12	29/03/2018	Subject to achieving KPI's, options vest on issue date of financial statements in respect of the Testing Date – 30/06/2019	(i) Tranche 1 – Performance Hurdle LTM EBITDA of \$10.4m subject to certain adjustments as approved by the Board. If vesting conditions are not met, 50% of Tranche 1 eligible rights will be rolled into the future and tested against vesting conditions for Tranche 2 and 50% of Tranche 1 eligible rights will be rolled into the future and tested against vesting conditions for Tranche 3
Issue 13	29/03/2018	Subject to achieving KPI's, options vest on issue date of financial statements in respect of the Testing Date – 30/06/2020	(i) Tranche 2 – Performance Hurdle LTM EBITDA of \$12.6m subject to certain adjustments as approved by the Board. 50% of Tranche 2 eligible rights will be rolled into the future and tested against vesting conditions for Tranche 3 excluding those rolled from Tranche 1 and 50% of Tranche 2 eligible rights will be rolled into the future and tested on 30 June 2021 but will have a Performance Hurdle LTM EBITDA of \$17.0m
Issue 14	29/03/2018	Subject to achieving KPI's, options vest on issue date of financial statements in respect of the Testing Date – 30/06/2021	(i) Tranche 3 – \$15.5m LTM EBITDA subject to certain adjustments as approved by the Board

With respect to Long Term Incentives (LTIs), the primary objective is to reward staff and KMP in a way that aligns payment of remuneration with generating long-term shareholder value.

LTI option grants are made using a premium or an at-market price of the shares under option as a component of the performance hurdle, and in addition KMP and staff are required to meet certain length-of-service obligations.

As the fixed or variable component of remuneration is not dependent on share price or dividends, there is no discussion of the relationship between the board's remuneration policy and financial performance, included in this report.

Directors invite individuals to participate in the EEIP whereby they are granted options that can only be exercised subject to achieving service and vesting conditions at the end of specific periods. There is no intention to provide interest free loans or fund participation in such transactions, however this is continually under review.

Voting and comments at the Company's 2017 Annual General Meeting (AGM)

At the last Annual General Meeting, the Company received a 'yes' vote of 23% on its Remuneration Report for the 2017 financial year. The Company did not receive any specific feedback from shareholders at the meeting relating to the nature of its remuneration practices.

Details of Remuneration – Key Management Personnel

Remuneration arrangements are formalised in employment or consultancy agreements.

Remuneration packages contain cash salary, commissions, other short-term incentives, movements in annual leave and long service leave provisions, superannuation and the cost of share-based payments expensed for LTI's.

Remuneration for each member of KMP for the year ended 30 June 2018 is shown below.

	Short Term Employee Benefits	Short Term Incentives	Short Term Benefits Total	Post Employment Benefits	Share Based Payment	Long Term Employee Benefits	Termination Benefits	
	Cash Wage/fee \$	Comm- issions \$ / %	\$	Super- annuation \$	LTI Options \$ / %	Long service leave \$	\$	Total \$
2018								
Directors of Pacific Star Network Limited								
C Coleman	47,292	-	47,292	-	-	-	-	47,292
R Hall	17,123	-	17,123	1,626	-	-	-	18,749
A Moffat	31,528	-	31,528	2,995	-	-	-	34,523
G Pert	17,123	-	17,123	1,626	-	-	-	18,749
C O'Brien	54,750	-	54,750	-	-	-	-	54,750
J Bertrand AO	38,438	-	38,438	-	-	-	-	38,438
M Nettlefold	12,459	-	12,459	-	-	-	-	12,459
P Quattro	20,531	-	20,531	-	-	-	-	20,531
Sub-total	239,244	-	239,244	6,247	-	-	-	245,491
Other Key Management Personnel of the Group								
C Hutchison	115,926	-	115,926	5,012	56,651 32%	783	-	178,372
C Giannopoulos	103,317	-	103,317	4,904	28,325 20%	1,818	-	138,364
J Simm	77,282	-	77,282	5,012	28,325 25%	3,977	-	114,596
R Simkiss	84,173	-	84,173	5,014	18,884 17%	1,418	-	109,489
S Bingley	82,735	4,718 5%	87,453	5,012	18,884 17%	2,183	-	113,532
T Cleary	95,714	6,250 5%	101,964	5,012	23,605 18%	1,541	-	132,122
S Sweeney	200,000	-	200,000	19,000	(7,732)	-	66,667	277,935
D Hung	141,074	8,994 5%	150,068	13,188	(7,732)	-	21,723	177,247
M Johnson	43,788	-	43,788	8,079	(18,096)	-	113,384	147,155
G Murray	160,477	-	160,477	14,829	(15,464)	-	-	159,842
C Thomas	273,972	-	273,972	24,533	-	-	39,184	337,689
H Davies ⁴	192,922	3,828 2%	196,750	18,677	-	-	-	215,427
Sub-total	1,571,380	23,790 ⁵ 1%	1,595,170	128,272	125,650 ⁶ 5%	11,720	240,958	2,101,770
Total	1,810,624	23,790 1%	1,834,414	134,519	125,650 4%	11,720	240,958	2,347,261

⁴ Commenced as a contractor on 23 May 2016.

⁵ Includes monthly, quarterly and annual incentives paid in cash during the financial year.

⁶ Share-based expense calculated under the Binomial model in respect of the value of share options issued..

Remuneration Report (Audited) Cont'd

Details of Remuneration – Key Management Personnel Cont'd

	Short Term Employee Benefits	Short Term Incentives	Short Term Benefits Total	Post Employment Benefits	Share Based Payment	Long Term Employee Benefits	Termination Benefits	
	Cash Wage/fee \$	Comm- issions \$ / %	\$	Super- annuation \$	LTI Options \$ / %	Long service leave \$	\$	Total \$
2017								
Directors of Pacific Star Network Limited								
R Hall	45,662	-	45,662	4,338	-	-	-	50,000
A Moffat	28,538	-	28,538	2,711	-	-	-	31,249
G Pert	60,662	-	60,662	5,763	-	-	-	66,425
C O'Brien	54,750	-	54,750	-	-	-	-	54,750
J Bertrand AO	61,785	-	61,785	-	-	-	-	61,785
P Quattro	39,784	-	39,784	-	-	-	-	39,784
Sub-total	291,181	-	291,181	12,812	-	-	-	303,993
Other Key Management Personnel of the Group								
S Sweeney	201,479	-	201,479	19,000	9,088 4%	-	-	229,567
D Hung	187,515	52,296 20%	239,811	19,275	9,088 3%	1,551	-	269,725
M Johnson	165,000	3,000 2%	168,000	15,960	5,855 3%	2,749	-	192,564
G Murray	150,685	-	150,685	14,315	9,088 5%	-	-	174,088
C Thomas	251,142	-	251,142	23,858	-	-	-	275,000
H Davies ⁷	172,151	10,442 5%	182,593	12,614	-	-	-	195,207
Sub-total	1,127,972	65,738 ⁸ 5%	1,193,710	105,022	33,119 ⁹ 2%	4,300 ¹⁰	-	1,336,151
Total	1,419,153	65,738 4%	1,484,891	117,834	33,119 2%	4,300	-	1,640,144

⁷ Commenced as a contractor on 23 May 2016.

⁸ Includes monthly, quarterly and annual incentives paid in cash during the financial year.

⁹ Share-based expense calculated under the Binomial model in respect of the value of share options issued.

¹⁰ Key Management Personnel that became or were entitled to long service leave during the financial year.

Directors' Report Cont'd

Remuneration Report (Audited) Cont'd

Details of Share Based Compensation

Issued to / grant date	Date vested and exercisable	Expiry date	Exercise price	Granted during the year Number	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Fair value of options at grant date \$
D Hung 12 May 15	Issue 9 30 Sep 17	31 Mar 18	Nil	-	-	7,732	(7,732)	24 cents
S Sweeney 12 May 15	Issue 9 30 Sep 17	31 Mar 18	Nil	-	-	7,732	(7,732)	24 cents
G Murray 12 May 15	Issue 9 30 Sep 17	31 Mar 18	Nil	-	-	-	(15,464)	24 cents
M Johnson 28 Aug 15	Issue 10 31 Mar 19	31 Mar 18	Nil	-	-	-	(18,096)	22 cents
C O'Brien 1 Sep 15	Issue 11 1 Mar 18	1 Sep 18	30 cents	-	-	-	-	4 cents
C Hutchison 29 Mar 18	Issue 12 30 Sep 19	30 Sep 19	Nil	685,017	167,144	-	-	31 cents
	Issue 13 30 Sep 20	30 Sep 20	Nil	685,017	167,144	-	-	31 cents
	Issue 14 30 Sep 21	30 Sep 21	Nil	685,016	157,280	-	-	29 cents
C Giannopoulos 29 Mar 18	Issue 12 30 Sep 19	30 Sep 19	Nil	342,508	83,572	-	-	31 cents
	Issue 13 30 Sep 20	30 Sep 20	Nil	342,508	83,572	-	-	31 cents
	Issue 14 30 Sep 21	30 Sep 21	Nil	342,509	78,640	-	-	29 cents
J Simm 29 Mar 18	Issue 12 30 Sep 19	30 Sep 19	Nil	342,508	83,572	-	-	31 cents
	Issue 13 30 Sep 20	30 Sep 20	Nil	342,508	83,572	-	-	31 cents
	Issue 14 30 Sep 21	30 Sep 21	Nil	342,509	78,640	-	-	29 cents
R Simkiss 29 Mar 18	Issue 12 30 Sep 19	30 Sep 19	Nil	228,339	55,715	-	-	31 cents
	Issue 13 30 Sep 20	30 Sep 20	Nil	228,339	55,715	-	-	31 cents
	Issue 14 30 Sep 21	30 Sep 21	Nil	228,339	52,427	-	-	29 cents
S Bingley 29 Mar 18	Issue 12 30 Sep 19	30 Sep 19	Nil	228,339	55,715	-	-	31 cents
	Issue 13 30 Sep 20	30 Sep 20	Nil	228,339	55,715	-	-	31 cents
	Issue 14 30 Sep 21	30 Sep 21	Nil	228,339	52,427	-	-	29 cents
T Cleary 29 Mar 18	Issue 12 30 Sep 19	30 Sep 19	Nil	285,423	69,643	-	-	31 cents
	Issue 13 30 Sep 20	30 Sep 20	Nil	285,424	69,643	-	-	31 cents
	Issue 14 30 Sep 21	30 Sep 21	Nil	285,424	65,533	-	-	29 cents
Total		n/a	n/a	6,336,405	1,515,668	15,464	(49,024)	n/a

Directors' Report Cont'd

Remuneration Report (Audited) Cont'd

Share Based Payments

- 7,336,405 options can be exercised by KMP in the future subject to achieving KPI's.
- 6,336,405 options over ordinary shares were granted to KMP during the financial year.
- 209,032 options lapsed as KPI's were not fully achieved or employees left the Company.
- When exercisable, each option is convertible into one ordinary share.

Details of options over shares provided as remuneration is set out below.

Key Management Personnel	Balance as at 01/07/17	Granted during the year	Exercised during the year	Forfeited during the year	Balance as at 30/06/18	Expiry Date	Estimate of min / max grant value
							\$
D Hung	64,516	-	(32,258)	(32,258)	-	30/9/17	-
S Sweeney	64,516	-	(32,258)	(32,258)	-	30/9/17	-
G Murray	64,516	-	-	(64,516)	-	30/9/17	-
M Johnson	80,000	-	-	(80,000)	-	30/9/18	-
C O'Brien	1,000,000	-	-	-	1,000,000	01/9/18	35,760
C Hutchison	-	2,055,050	-	-	2,055,050	30/9/21	491,568
C Giannopoulos	-	1,027,525	-	-	1,027,525	30/9/21	245,784
J Simm	-	1,027,525	-	-	1,027,525	30/9/21	245,784
R Simkiss	-	685,017	-	-	685,017	30/9/21	163,856
S Bingley	-	685,017	-	-	685,017	30/9/21	163,856
T Cleary	-	856,271	-	-	856,271	30/9/21	204,820
Total	1,273,548	6,336,405	(64,516)	(209,032)	7,336,405	n/a	1,551,428

Details of Share Based Compensation

Assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date and amounts included in the remuneration tables above.

Fair values at grant date are independently determined using the binomial approximation option pricing model and take account of the exercise price, term of the option, impact of dilution share, price at grant date and expected price volatility of the underlying share, expected dividend yield and risk-free interest rate for term of the option.

Model inputs for options granted up to and including the year ended 30 June 2018 included:

- Options issued to employees were issued for nil consideration and on vesting are exercisable into an equivalent number of shares, but none were granted during the year.
- Options issued to the Company's director were issued for nil consideration and on vesting are exercisable into an equivalent number of shares at a price of 30 cents per share. The weighted average fair value of the options granted was 26 cents.
- The theoretical exercise price of options granted was, May 2015 - 30 cents, Mar 2018 – nil cents.
- The price volatility of the company's ordinary shares used for the purposes of calculating the share-based cost for the reporting period was in a range of 63 - 85%.
- Risk-free rate for options issued was, May 2015 – 1.9% and March 2018 – 1.9% (Tranche 1) and 2.1% (Tranche 2 and 3).

Directors' Report Cont'd

Remuneration Report (Audited) Cont'd

Movement in Equity Instruments held by Key Management Personnel

The number of ordinary shares and options held directly or beneficially during the financial year by each director and KMP, including their personally related parties, is set out below.

Ordinary Shares	Balance at beginning of the year Number	EEIP/ EESP Shares Issued Number	Dividend Reinvestment Plan Number	Ordinary Shares Acquired Number	Ordinary Shares Sold Number	Balance at end of year Number
R Hall ¹¹	20,109,998	-	-	-	-	20,109,998
A Moffat	2,700	-	-	3,000,000	-	3,002,700
G Pert	-	-	-	-	-	-
C O'Brien	51,209	-	-	-	-	51,209
J Bertrand	-	-	-	-	-	-
P Quattro	3,847,171	-	-	-	-	3,847,171
S Sweeney ¹²	499,784	36,778	-	-	-	536,562
D Hung	212,259	36,778	-	-	(168,687)	80,350
M Johnson	161,575	-	-	-	-	161,575
G Murray	7,984	4,520	-	-	-	12,504
C Coleman	13,851,198	-	-	33,000,000	-	46,851,198
C Hutchison	-	-	-	49,410,736	-	49,410,736
C Giannopoulos	11,342	-	-	8,834,638	-	8,845,980
J Simm	-	-	-	5,126,354	-	5,126,354
S Bingley	-	-	-	-	-	-
R Simkiss	-	-	-	-	-	-
Tm Cleary	-	-	-	-	-	-
Sub total	38,755,220	78,076¹³	-	99,371,728	(168,687)	138,036,337

¹¹ R Hall's interest in ordinary shares is held through Tosca Boxer Pty Ltd atf The Hall Family Trust.

¹² S Sweeney's beneficial interest in ordinary shares is held individually and through a corporate entity.

¹³ Ordinary shares are issued as part of remuneration. 4,520 ordinary shares were issued were provided to S Sweeney, D Hung G Murray as part of EESP

Directors' Report Cont'd

Remuneration Report (Audited) Cont'd

Movement in Equity Instruments held by Key Management Personnel cont'd

Share Options	Balance at beginning of the year Number	Exercised during the year Number	Options Granted as compensation Number	Expired/ Forfeited/ Other Number	Balance at end of year Number
S Sweeney	64,516	(32,258)	-	(32,258)	-
D Hung	64,516	(32,258)	-	(32,258)	-
G Murray	64,516	-	-	(64,516)	-
M Johnson	80,000	-	-	(80,000)	-
C O'Brien	1,000,000	-	-	-	1,000,000
Craig Hutchison	-	-	2,055,050	-	2,055,050
Chris Giannopoulos	-	-	1,027,525	-	1,027,525
Jodie Simm	-	-	1,027,525	-	1,027,525
Sam Bingley	-	-	685,017	-	685,017
Richard Simkiss	-	-	685,017	-	685,017
Tim Cleary	-	-	856,271	-	856,271
Total	1,273,548	(64,516)	6,336,405	(209,032)	7,336,405

None of the 7,336,405 options at balance date had vested at 30 June 2018.

There are no other options on issue to Key Management Personnel.

Transactions with Key Management Personnel

- (i) The Company had a lease agreement which terminated on 31 July 2018 with Infuture One Pty Ltd, as trustee for Infuture One Trust, for office and studio premises. The majority unit holder in the Trust is Ronald Hall, a director and major shareholder of the Company.

The Company has an agreement with Craig Hutchison Media Pty Ltd for the provision of talent appearances and services totalling \$100,000 during the reporting period.

The terms and conditions of both agreements are on an arm's length basis similar to those negotiable with non-related third parties.

- (ii) The (loss) / profit before income tax includes the following expense resulting from transactions with directors or director-related entities:

	Consolidated	
	2018 \$'000s	2017 \$'000s
Lease payments	454	425
Lease termination payment	750	-
Talent & Consulting services	100	31
Total	1,304	456

Directors' Report Cont'd

Remuneration Report (Audited) Cont'd

Service Agreements – Key Management Personnel

Remuneration and other terms of employment for the management team are formalised in employee agreements.

Craig Hutchison – Executive Director and Chief Executive Officer

- Term of employment is ongoing
- Base salary, inclusive of superannuation for the year ended 30 June 2018 was \$483,752 p.a.
- An annual bonus of is payable for achievement of board approved net profit before tax (NPBT) budget
- Entitled to participate in an equity incentive plan as approved by the Board which will include vesting hurdles based on performance targets set by the Board
- Payment of termination benefit on early termination, other than for gross misconduct, equal to 12 months' base salary. Employee can terminate with 12 months' notice

Chris Giannopoulos – Executive Director – Stakeholder Management and Acquisitions, Managing Director – Bravo Talent Management

- Term of employment is ongoing
- Base salary, inclusive of superannuation for the year ended 30 June 2018 was \$430,000 p.a.
- An annual bonus of is payable for achievement of board approved net profit before tax (NPBT) budget
- Entitled to participate in an equity incentive plan as approved by the Board which will include vesting hurdles based on performance targets set by the Board
- Payment of termination benefit on early termination, other than for gross misconduct, equal to 6 months' base salary. Employee can terminate with 6 months' notice

Jodie Simm – Chief Operating Officer

- Term of employment is ongoing
- Base salary, inclusive of superannuation for the year ended 30 June 2018 was \$300,000 p.a.
- An annual bonus of is payable for achievement of board approved net profit before tax (NPBT) budget
- Entitled to participate in an equity incentive plan as approved by the Board which will include vesting hurdles based on performance targets set by the Board
- Payment of termination benefit on early termination, other than for gross misconduct, equal to 6 months' base salary. Employee can terminate with 6 months' notice

Richard Simkiss – Group Business Director

- Term of employment is ongoing
- Base salary, inclusive of superannuation for the year ended 30 June 2018 was \$330,000 p.a.
- An annual bonus of is payable for achievement of board approved net profit before tax (NPBT) budget
- Entitled to participate in an equity incentive plan as approved by the Board which will include vesting hurdles based on performance targets set by the Board
- Payment of termination benefit on early termination, other than for gross misconduct, equal to 6 months' base salary. Employee can terminate with 6 months' notice

Remuneration Report (Audited) Cont'd

Service Agreements – Key Management Personnel (Cont'd)

Sam Bingley – Chief Commercial Officer and General Manager (SEN)

- Term of employment is ongoing
- Base salary, inclusive of superannuation for the year ended 30 June 2018 was \$324,200 p.a.
- Commissions are payable under the contract based on achieving monthly sales targets
- Entitled to participate in an equity incentive plan as approved by the Board which will include vesting hurdles based on performance targets set by the Board
- Payment of termination benefit on early termination, other than for gross misconduct, equal to 6 months' base salary. Employee can terminate with 6 months' notice

Tim Cleary – Chief Content Officer

- Term of employment is ongoing
- Base salary, inclusive of superannuation for the year ended 30 June 2018 was \$360,049 p.a.
- An annual bonus of is payable for achievement of board approved net profit before tax (NPBT) budget
- Entitled to participate in an equity incentive plan as approved by the Board which will include vesting hurdles based on performance targets set by the Board
- Payment of termination benefit on early termination, other than for gross misconduct, equal to 6 months' base salary. Employee can terminate with 6 months' notice

The 2017 Remuneration Report was approved at the AGM held on 23 November 2017.

End of Audited Remuneration Report

Non-Audit Services

The Company may decide to employ the auditors on assignments additional to their statutory audit duties where the auditors' expertise and experience is considered important.

The value of non-audit services performed by the auditor during the year was \$16,800 (2017: \$6,000) and related to the provision of taxation services. Directors' are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*, for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES110 Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethics Standards Board including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity, or acting as advocate, or jointly sharing economic risk and rewards.

Details of fees paid (including for non-audit services) to the auditor are disclosed in note 8.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2018 as required under Section 307(c) of the *Corporations Act 2001* has been received and is located on page 22.

Corporate Governance Statement

The 2018 Corporate Governance Statement has been released as a separate document and can be located on our website at www.pacificstarnetwork.com.au/investors.

Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Directors' Interests in Contracts

Directors' interests in contracts are disclosed on page 18 and in note 25(c) of this report.

Rounding of Amounts

In accordance with ASIC Legislative Instrument 2016/191, amounts shown in the Directors' report and the financial report have been rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors,



Craig Coleman
Chairman

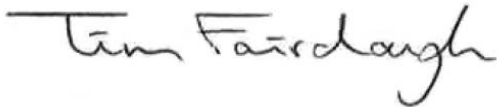
Melbourne, 28 September 2018

DECLARATION OF INDEPENDENCE BY TIM FAIRCLOUGH TO THE DIRECTORS OF PACIFIC STAR NETWORK LIMITED

As lead auditor of Pacific Star Network Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Pacific Star Network Limited and the entities it controlled during the period.



Tim Fairclough
Partner

BDO East Coast Partnership

Melbourne, 28 September 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Pacific Star Network Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pacific Star Network Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, 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:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for the acquisition of Crocmedia Productions Pty Ltd

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p><i>Refer to Note 30 Business combinations of the accompanying financial report</i></p> <p>On 29 March 2018, the Group acquired 100% of the issued shares in Crocmedia Productions Pty Ltd (Crocmedia). The Group has provisionally accounted for the acquisition of Crocmedia at 30 June 2018.</p> <p>Accounting for the business combination is a key audit matter due to the significance of the acquisition to the Group.</p> <p>Significant issues include: determining the accounting acquirer in the business combination, complexities and judgements involved in determining the fair value of the assets and liabilities acquired, particularly relating to the identification and recognition of identifiable intangible assets, determination of Cash Generating Units (CGUs) and compliance with the disclosure requirements of Australian Accounting Standards.</p>	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"> • Review of the sale and purchase agreement and notice of meeting to understand the terms and obligations under the agreement, including the amount of consideration. • Evaluating management's assessment of the transaction including the determination of the accounting acquirer in accordance with Australian Accounting Standards. • Engaging our IFRS technical experts to evaluate management's assessment as to the identity of the accounting acquirer. • Assessment of management's determination of goodwill based on consideration and fair valuation of identifiable assets at acquisition date. • Assessing the appropriateness of the provisional accounting classifications used which were based on a preliminary assessment by the Group and engagement of an independent expert to value the separately identifiable intangibles. • Audit of the fair value of assets and liabilities acquired at acquisition date. • Engaging our valuation experts to evaluate the independent valuation of identifiable intangible assets. • Critical evaluation of the Group's classification of CGU's based on our understanding of the business. • Evaluating the adequacy of the disclosures relating to the business combination within the financial report.

Impairment Assessment of Intangible Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p><i>Refer to Note 13 of the accompanying financial report</i></p> <p>The group has indefinite life intangible assets including goodwill, radio licenses and mastheads which are required to be tested at least annually for impairment in accordance with Australian Accounting Standards.</p> <p>The intangible assets are allocated across three cash generating units, broadcasting, publishing and Crocmedia content business, which arose during the year through the acquisition.</p> <p>This is a key audit matter because the impairment assessment process is complex and is required to be carried out at the level of the lowest identifiable cash generating units. The assessment requires significant judgement and includes assumptions that are based on future operating results and the broader market conditions in which the group operates.</p>	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"> • Assessing whether the methodology used by the Directors met the requirements under AASB 136 <i>Impairment of Assets</i>. • Assessment of the Group's cash flow forecasts including consideration of the historical accuracy of previous estimates. • Testing the mathematical accuracy of the cash flow models. • Engaging our valuation experts to assist in assessing the discount rate, revenue growth rate and the terminal growth rate applied. • Evaluated the sensitivity analysis performed by the Group to identify whether a reasonable variation in the assumptions could cause the carrying amount of the cash generating units to exceed their recoverable amount and therefore indicate impairment. • Engaging our internal valuation experts to assist in our audit of management's impairment assessment approach of the Crocmedia goodwill (Fair value less costs to sell). • Evaluated the adequacy of the disclosures relating to intangible assets in the financial report, including those made with respect to judgments and estimates.

Revenue Recognition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p><i>Refer to Note 2 of the accompanying financial report</i></p> <p>The Group has various revenue streams across its segments which are material to the financial report. Furthermore, revenue is a key driver to the group.</p> <p>Revenue recognition was significant to our audit due to the variety of revenue streams, the volume of transactions and the significance of revenue to the Group's Statement of Profit or Loss and Other Comprehensive Income.</p> <p>Each revenue stream has a different revenue recognition policy. As there are numerous revenue streams and variations in their recognition criteria, it involves estimates and judgements by management.</p>	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"> • Review of the Group's revenue recognition policies to ensure they complied with Australian Accounting Standards. • Documenting the processes and assessing the internal controls relating to revenue. • Testing the operating effectiveness of internal controls surrounding the existence and occurrence of revenues. • Detailed risk based substantive procedures over revenue transactions. • Predictive analytical procedures analysing significant revenue streams recorded on a monthly and annual basis and comparing to budget and prior year. Supporting evidence and explanations were obtained for variances from our expectations. • Testing of cut-off of revenue around year-end to ensure income is recognised in the correct accounting period.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

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

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

If, based on the work we have performed, 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 ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Audit of the Remuneration Report

Opinion

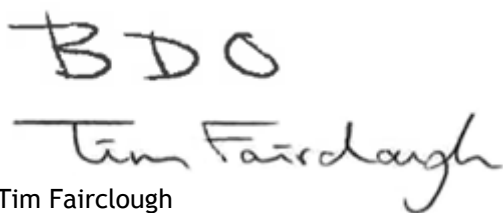
We have audited the Remuneration Report included on pages 9 to 20 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Pacific Star Network 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.

BDO East Coast Partnership



Tim Fairclough
Partner

Melbourne, 28 September 2018

Directors' Declaration

In the opinion of the Directors of Pacific Star Network Limited

- a) the financial statements and notes set out on pages 29 to 72 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 30 June 2018 and of its performance for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (iii) As stated in note 1, the consolidated financial statements also comply with International Financial Reporting Standards.
- 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; and
- c) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018; and
- d) the remuneration disclosures included at pages 9 to 20 of the Directors' Report (Audited Remuneration Report) for the year ended 30 June 2018 comply with section 300A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*

On behalf of the Directors,



Craig Coleman
Chairman

Melbourne, 28 September 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 30 June 2018

	Notes	30 June 2018 \$'000s	30 June 2017 \$'000s
REVENUE	2	32,853	22,093
Sales and marketing expenses		(8,281)	(4,331)
Occupancy expenses		(1,215)	(870)
Administration expenses		(4,920)	(3,512)
Technical expenses		(11,789)	(6,952)
Production / creative expenses		(3,318)	(3,594)
Impairment costs	3	(838)	(8,239)
Restructuring costs	3	(3,389)	(262)
Corporate expenses		(1,325)	(790)
Finance costs		(359)	(314)
Investments accounted for using the equity method	2	(14)	39
EXPENSES		(35,448)	(28,825)
LOSS BEFORE INCOME TAX		(2,595)	(6,732)
Income tax expense	5(c)	(391)	(609)
LOSS FOR THE YEAR AFTER INCOME TAX		(2,986)	(7,341)
Other comprehensive income net of tax		-	-
COMPREHENSIVE LOSS FOR THE YEAR		(2,986)	(7,341)
LOSS PER SHARE			
Basic (cents per share)	20(a)	(2.8)	(10.1)
Diluted (cents per share)		(2.8)	(10.1)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position as at 30 June 2018

	Notes	30 June 2018 \$'000s	30 June 2017 \$'000s
CURRENT ASSETS			
Cash and cash equivalents	26(a)	7,981	1,663
Trade and other receivables	9(a)	13,494	4,326
Current tax receivable		224	-
Prepayments		2,287	207
TOTAL CURRENT ASSETS		23,986	6,196
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,217	1,197
Deferred tax assets	11	832	648
Receivables from associate		28	92
Investments accounted for using the equity method	12	187	201
Intangibles	13	29,719	11,192
TOTAL NON-CURRENT ASSETS		34,983	13,330
TOTAL ASSETS		58,969	19,526
CURRENT LIABILITIES			
Borrowings	17	8,521	5,750
Trade and other payables	14	8,254	2,493
Income tax		-	363
Provisions	16	1,912	607
TOTAL CURRENT LIABILITIES		18,687	9,213
NON-CURRENT LIABILITIES			
Deferred tax liability	15	390	649
Provisions	16	203	7
TOTAL NON-CURRENT LIABILITIES		593	656
TOTAL LIABILITIES		19,280	9,869
NET ASSETS		39,689	9,657
EQUITY			
Issued capital	18	54,642	21,680
Share-based payment reserve		748	692
Accumulated losses	19	(15,701)	(12,715)
TOTAL EQUITY		39,689	9,657

The Consolidated Statement of financial Position should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity for the Financial Year Ended 30 June 2018

	Notes	Issued Capital \$'000s	Share Based Payment Reserve \$'000s	Accumulated Losses \$'000s	Total \$'000s
TOTAL EQUITY AT 1 JULY 2017		21,680	692	(12,715)	9,657
Loss after income tax		-	-	(2,986)	(2,986)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(2,986)	(2,986)
Transactions with owners in their capacity as owners					
Dividends paid	27	-	-	-	-
Issue of share capital	18	32,962	-	-	32,962
Share Based Payments		-	56	-	56
TOTAL EQUITY AT 30 JUNE 2018		54,642	748	(15,701)	39,689
TOTAL EQUITY AT 1 JULY 2016		21,508	666	(4,202)	17,972
Loss after income tax		-	-	(7,341)	(7,341)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(7,341)	(7,341)
Transactions with owners in their capacity as owners					
Dividends paid	27	-	-	(1,172)	(1,172)
Issue of share capital	18	172	-	-	172
Share Based Payments		-	26	-	26
TOTAL EQUITY AT 30 JUNE 2017		21,680	692	(12,715)	9,657

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows for the Financial Year Ended 30 June 2018

		Inflows / (Outflows)	
	Notes	30 June 2018 \$'000s	30 June 2017 \$'000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		33,434	25,792
Payments to suppliers and employees (inclusive of GST)		(35,258)	(23,780)
Interest received		18	11
Interest and other costs of finance paid		(377)	(236)
Income taxes paid		(1,722)	(598)
Net operating cash flows (used in)/provided by operating activities after restructuring costs	26(b)	(3,905)	1,189
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired from business combination	30	1,306	-
Payment for property, plant and equipment		(1,083)	(406)
Net cash provided by/(used in) investing activities		223	(406)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		10,000	-
Dividends paid		-	(1,028)
Net cash provided by/(used in) financing activities		10,000	(1,028)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,318	(245)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,663	1,908
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26(a)	7,981	1,663

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. In addition, significant and other accounting policies that summarise the measurement basis used and that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

The financial statements are for the consolidated entity consisting of Pacific Star Network Limited ("the Company") and its subsidiaries ("the Group").

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 28 September 2018 by the directors of the Company.

All amounts are presented in Australian dollars, unless otherwise stated.

The consolidated financial statements include the information contained in the financial statements of Pacific Star Network Limited and each of its controlled entities as from the date the parent entity obtains control until such time as control ceases.

Separate financial statements for Pacific Star Network Limited as an individual entity are not presented as permitted by the *Corporations Act 2001*. However, limited financial information for this individual entity is included in Note 28 of the financial statements.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Pacific Star Network Limited is a company limited by shares and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX).

Statement of Compliance with IFRS

Australian Accounting Standards include International Financial Reporting Standards (IFRS) as adopted in Australia. The financial statements and notes of Pacific Star Network Limited comply with International Financial Reporting Standards (IFRS).

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

1. Summary of Significant Accounting Policies Cont'd

Going Concern

As highlighted in Note 17 of these financial statements, the Company finances its day to day working capital requirements through a debt facility which expired on 31 August 2018.

The Company has negotiated a new \$15.1 million debt facility with the Commonwealth Bank of Australia (CBA) effective 31 August 2018.

The Company's budgets and cash flow projections take account of expected trading performance and directors expect that the business should be able to operate within the level of any agreed facility.

On the basis of this information, directors have a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future. Accordingly, directors continue to adopt the going concern basis in preparing this financial report.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Estimates and underlying assumptions are reviewed on an ongoing basis.

Actual results in the future may differ from those reported.

Revisions to accounting estimates are recognised in the period in which the estimates are 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 and estimates that are material to the financial report are found in the following notes:

Note 7	Share Based Payments	Page 48
Note 13	Non-current assets – Intangibles	Page 55
Note 30	Business Combination	Page 70

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

1. Summary of Significant Accounting Policies Cont'd

New, revised or amending Accounting Standards and Interpretations adopted

These financial statements have been prepared on the basis of accounting policies that are consistent with those applied in the 2017 Annual Report.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, ensuring that the substance of the underlying transactions or other events is reported.

The entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(i) *AASB 9 Financial Instruments and its consequential amendments (effective 1 January 2018)*

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value.

The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

The Company will adopt this standard and the amendments from in the financial statements for the year ending 30 June 2019. The impact of its initial adoption may have an impact on the provision for receivables.

(ii) *AASB 15 Revenue from Contracts with Customers (effective 1 January 2018)*

An entity will recognise revenue related to 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.

This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 Revenue. Management is currently assessing the effects of applying the new standard on its revenue recognition policies, specifically relating to the treatment of bonus spots and agency commission and any resulting effects on its financial statements. At this stage, the Company's is still determining the impact on the recognition of revenue.

The Company will adopt this standard and the amendments from 1 July 2018.

(iii) *AASB 16 Leases (effective 1 January 2019)*

This standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

1. Summary of Significant Accounting Policies Cont'd

New, revised or amending Accounting Standards and Interpretations adopted Cont'd

To the extent that the Company as lessee has significant operating leases outstanding at the date of initial application on 1 July 2019, a right-of-use asset will be recognised for the amount of the unamortised portion of the useful life and lease liabilities will be recognised at the present value of the outstanding lease payments.

Thereafter, earnings before interest, depreciation, amortisation and tax (EBITDA) will increase because lease expenses currently included in EBITDA will be recognised instead as amortisation of the right-of-use asset and interest expense on the lease liability. However, there may be an overall reduction in net profit before tax in the early years of a lease because amortisation and interest charges may exceed the current straight-line expense incurred under *AASB117: Leases*. Where applicable this trend will reverse in the later years.

There will be no change to the accounting treatment for short term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.

The Company will adopt this standard in the financial statements for the year ending 30 June 2020.

Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Pacific Star Network Limited (the parent entity) and all entities that the parent entity controlled from time to time during the year and at reporting date.

The financial statements of controlled entities are prepared for the same reporting year as the parent entity, using consistent accounting policies.

All inter-company balances and transactions have been eliminated in full.

A list of controlled entities appears in Note 23 of this report.

Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191 relating to "rounding off" of amounts in the financial report.

Amounts in the financial report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, unless otherwise indicated.

Changes in Accounting Policies

There have been no changes in accounting policies since the last financial period.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

Consolidated

2018 \$'000s	2017 \$'000s
-----------------	-----------------

2. Profit from Continuing Operations

Profit from continuing operations before income tax includes the following:

a) Revenue from Continuing Activities

Broadcast revenue	24,741	15,293
Publishing revenue	5,090	6,626
Complementary Services revenue	2,997	-
	32,828	21,919

Non-Operating Revenue

Interest income	18	11
Other	7	163
	25	174

Revenue from continuing operations	32,853	22,093
Associate (loss)/profit:		
Digital Radio Broadcasting Melbourne Pty Ltd	(14)	39

Revenue Recognition and Measurement

Revenues are recognised at fair value of the consideration received or receivable net of the GST payable to the Australian Taxation Office (ATO).

Sales Revenue

(i) Advertising Revenue

Advertising revenue is derived from the sale of advertising time or placement of advertising in magazines for local and national advertisers. Revenue is recognised when a client's advertising is broadcast or published in a magazine.

Other regular sources of operating revenue are derived from commercial production for advertisers and the sale of programming. Revenue from commercial production and programming sale is recognised on invoice at the time of completion of the commercial or sale.

(ii) Publishing Revenue

Publishing revenue represents sales of magazines, subscriptions and merchandise. Revenue is recognised when a customer makes a purchase and it is delivered to the customer.

(iii) Complementary Services Revenue

Complementary services revenue is derived from the sale of tickets, hospitality, talent management commissions and creative agency services. Revenue from complementary services is recognised at the time the service is provided.

(iv) Interest Income

Interest is recognised as it accrues, taking account of the yield on the financial asset.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

		Consolidated	
		2018 \$'000s	2017 \$'000s
2.	Profit from Continuing Operations (cont'd)		
b)	Expenses		
	Bad and doubtful debts – trade receivables	88	40
	Depreciation / amortisation of non-current assets:		
	Property, plant and equipment	568	404
	Intangible assets – websites	59	44
	Intangible assets – customer relationships	592	592
	Intangible assets – broadcast rights	485	-
	Operating lease rental expenses:		
	Minimum lease payments – premises	657	573
	Employee benefits expense	9,892	7,054
	Defined contribution superannuation expense	848	700
	Share-based payments – EEIP / EESP	170	75

Superannuation benefits

All employees receive defined contribution superannuation entitlements, for which the employer pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's nominated superannuation fund of choice.

All contributions in respect of employees' contribution entitlements are recognised as an expense when they become payable. The Company's obligation in respect of employee's contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period.

All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled, and are presented as current liabilities in the company's statement of financial position.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

3. Significant costs

Net loss after tax includes the following items whose disclosure is relevant in explaining the financial performance of the Group. Significant items, are those items of such a size or nature, that separate disclosure will enhance a user's understanding of the financial statements. The Company has recognised once-off legal, due diligence, corporate advisory and independent report costs of \$3.389 million relating to the acquisition of the Crocmedia business and \$0.838 million impairment of intangibles in the Publishing CGU.

	Consolidated	
	2018	2017
	\$'000s	\$'000s
Impairment of goodwill	-	7,442
Impairment of masthead	-	797
Impairment of intangibles – customer relationships	838	-
Impairment - refer Note 13	838	8,239
Restructuring costs	3,389	262
Total significant items included in net loss after tax	4,227	8,501

4. Financial Risk Management

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date the Company commits to either the purchase / sale of the asset. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case, costs are expensed to income statement immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortised cost. Gains / losses are recognised in the income statement through the amortisation process and when the financial asset is derecognised.

(ii) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in the income statement through the amortisation process and when the financial liability is derecognised.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

4. Financial Risk Management Cont'd

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the receivables or a group of receivables are experiencing significant financial difficulty, default in payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Financial Instruments

Financial instruments consist mainly of cash and short-term deposits with banks, accounts receivable, payables and intercompany / third party loans.

There were no derivative instruments at reporting date.

The Board reviews and agrees policies for each of these risks as summarised on the next page.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

4. Financial Risk Management Cont'd

Risk Exposures and Responses

The primary risk exposure is to interest rate, credit and liquidity risk.

a) Interest Rate Risk

Interest rate risk arises from deposits and loans. Interest income varies with interest rates. A 1% increase / decrease in deposit rates would change trading results by +/- \$79,810 (2017: +/- \$7,500). A 1% increase / decrease in loan rates would change trading results by +/- \$85,210 (2017: +/- \$57,326).

Risk is managed by taking account of the interest rate environment, movements in variable / fixed-rate interest rates, availability of alternative products, our cash flow position and advice from bankers.

At reporting date, the Company had a mix of financial assets and liabilities exposed to Australian variable interest rate risk.

	Consolidated	
	2018	2017
	\$'000s	\$'000s
Financial Assets		
Cash and cash equivalents	7,981	1,663
	7,981	1,663
Financial Liabilities		
Bank loans	8,521	5,750
	8,521	5,750
Net exposure	(540)	(4,087)

Consideration is given to interest rate exposure, alternative financing and the mix of fixed and variable interest rates.

b) Credit Risk

Credit risk arises from financial assets such as cash and cash equivalents, trade and other receivables. At reporting date, the maximum exposure to credit risk on recognised financial assets is the carrying amount, net of any provisions for impairment of those assets as disclosed in the ageing analysis in Note 9(b).

Exposure at reporting date where applicable is addressed in each applicable note.

It is trading policy to transact only with recognised and creditworthy third parties. The Company manages cash balances through Commonwealth Bank of Australia and National Australia Bank.

Collateral is not requested nor is it policy to securitise trade and other receivables.

Trade receivables are monitored on an ongoing basis to minimise potential exposure and consequently bad debts as a percentage of sales are not considered material.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

4. Financial Risk Management Cont'd

b) Credit Risk cont'd

The business does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the business.

Capital Risk Management

The objective in managing capital is to safeguard the Company's ability to continue as a going concern, to generate returns for shareholders and to maintain a capital structure that minimises costs of capital.

The gearing ratio at reporting date was 1% (2017: 30%).

c) Liquidity Risk

Liquidity risk is managed by forecasting and monitoring cash flows on an ongoing basis. The primary objective is to maintain flexibility whilst having access to continuity of funding.

The business has \$8.521 million of loans owing at reporting date which matured on 31 August 2018. Subsequent to year end, the Company has negotiated a new \$15.1 million facility with the Commonwealth Bank of Australia.

The contractual maturity of other financial liabilities of \$8.030 million (2017: \$2.856 million) is predominantly less than six months.

The maturity analysis for financial assets and liabilities is based on contractual obligations.

The risks implied from the values disclosed in the table reflect a balanced view of cash inflows, outflows, payables, loans and other financial liabilities that originate from the financing of assets used in ongoing operations such as property, equipment and investments in working capital such as receivables. These assets are fully considered in assessing liquidity risk.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

4. Financial Risk Management Cont'd

c) Liquidity Risk cont'd

2018	≤ 6 months \$'000s	6-12 months \$'000s	1-5 Years \$'000s	> 5 years \$'000s	Total \$'000s
Financial Assets					
Cash & cash equivalents	7,981	-	-	-	7,981
Trade, other receivables and prepayments	15,781	-	-	-	15,781
	23,762	-	-	-	23,762
Financial Liabilities – Non-Interest Bearing					
Trade & other payables	(8,254)	-	-	-	(8,254)
Financial Liabilities – Interest Bearing					
Loans - contractual ¹⁶	(8,521)	-	-	-	(8,521)
	(16,775)	-	-	-	(16,775)
Net maturity	6,987	-	-	-	6,987
2017	≤ 6 months \$'000s	6-12 months \$'000s	1-5 years \$'000s	> 5 years \$'000s	Total \$'000s
Financial Assets					
Cash & cash equivalents	1,663	-	-	-	1,663
Trade, other receivables and prepayments	4,533	-	-	-	4,533
Receivable from associate	-	-	-	92	92
	6,196	-	-	92	6,288
Financial Liabilities – Non-Interest Bearing					
Trade & other payables	(2,493)	-	-	-	(2,493)
Financial Liabilities – Interest Bearing					
Loans - contractual	(5,750)	-	-	-	(5,750)
	(8,243)	-	-	-	(8,243)
Net maturity	(2,047)	-	-	92	(1,955)

¹⁶ In accordance with the repayment terms of this loan, the balance has been classified as a current liability at reporting date.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

Consolidated

2018	2017
\$'000s	\$'000s

5. Income Tax

- a) Income tax expense for the financial year differs from the amount calculated in the net result from continuing operations. The differences are reconciled as follows:

Loss before income tax expense	(2,595)	(6,732)
Income tax benefit calculated at 30%	(778)	(2,020)
Non-allowable expenses / assessable income	1,225	3,485
Deductible expenses / non-assessable income	-	(886)
	447	579
Income tax – (over)/under provision for prior years	(56)	30
Income tax expense	391	609

- b) The applicable weighted average effective income tax rates are as follows

30%	30%
-----	-----

- c) Income tax expense components

Current year tax	891	575
Current year temporary differences:		
movement in deferred tax asset	(184)	120
movement in deferred tax liability	(259)	7
Prior year adjustments:		
under provision for income tax	(56)	30
under provision in deferred tax asset	-	1
over provision in deferred tax liability	-	(124)
	391	609

- d) Franking credits

1,224	534
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Notes to the Consolidated Financial Statements for the year ended 30 June 2018

5. Income Tax Cont'd

Recognition and Measurement

Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and where applicable, any adjustment recognised for prior periods.

Deferred Taxes

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- (i) When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- (ii) When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered.

Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are any future taxable profits available to recover the asset.

Tax Consolidation

Pacific Star Network Limited (the "Company") and its wholly-owned controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts.

The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

The entities have also entered into a tax funding agreement under which each wholly owned entity compensates the parent entity for any current tax payable assumed and is compensated for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the parent entity.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

6. Key Management Personnel Compensation

a) Details of Key Management Personnel (KMP)

Detailed remuneration disclosures are included in the Directors' Report in accordance with section 300A of the *Corporations Act 2001*.

b) Compensation of Key Management Personnel

	Short Term Employee Benefits	Short Term Employee Incentives	Short Term Benefits Total	Post Employment Benefits	Share Based Payment	Long Term Employee Benefits	Termination Benefits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
2018	1,810,624	23,790	1,834,414	134,519	125,650	11,720	240,958	2,347,261
2017	1,419,153	65,738	1,484,891	117,834	33,119	4,300	-	1,640,144

7. Share Based Payments

a) Employee and Executive Incentive Plan (EEIP)

The Company operates an Employee and Executive Incentive Plan.

The Plan is designed to provide short and long-term incentives for employees, by allowing them to participate in the future growth of the business and generate improved shareholder returns. Under the Plan, directors may in their absolute discretion offer to grant options to eligible recipients. The options can be granted for nil consideration and carry rights in favour of the option holder to subscribe for one ordinary share for each option issued. Employees joining after commencement of the plan are eligible recipients and all shares issued on exercise of options rank equally with issued shares.

Initial Recognition and Measurement

The cost of these equity settled transactions is measured by reference to the fair value of the equity instruments at the date on which they are granted. The cost of such transactions is recognised as an expense, together with a corresponding increase in equity, over the period in which the performance conditions (where applicable) are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award ('vesting date').

Options are issued pursuant to the EEIP and have expiry dates of up to 36 months from their date of grant. The option pricing model values each vesting portion and accordingly the amortised share-based compensation disclosed in the Remuneration Report includes the apportioned value of any options issued during the financial year.

The charge or credit for a period represents the difference in the cumulative expense recognised at the beginning and end of that period and is reflected in Note 2(b).

The cumulative expense recognised for equity settled transactions at each reporting date until vesting reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors, will ultimately vest.

The Company has established a Share-Based Payment Reserve (SBPR). This reserve reflects the cumulative expense recognised from inception to the reporting date for all equity settled transactions.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

7. Share-Based Payments Cont'd

a) Employee and Executive Incentive Plan (EEIP) cont'd

Fair value of options granted

The fair value at grant date is determined using a binomial pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted include:

- (i) Options are issued for nil consideration and on vesting are exercisable for up to one year.
- (ii) The exercise price for all options granted to employees is nil, except Issue 11 which had an exercisable at 30 cents per share.
- (iii) Grant and expiry dates for each option issue are listed on the next page.
- (iv) Expected price volatility is in the range of 63 - 85%. Volatility was determined using data reports from Capital IQ and this data was utilised to value the options.
- (v) Expected long term average dividend yield was 6.0%.

Risk-free rates used, May 2015 - 1.9%, Mar 2018 - 2.1%

The weighted average fair value of options granted (where applicable) and exercised during the year was nil cents (2017: 25.0 cents).

Details of share options issued under the EEIP are shown on the next page.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

7. Share-Based Payments

a) Employee and Executive Incentive Plan (EEIP) cont'd

2018								
Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Issued during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at end of the year
		Number	Number	Number	Number	Number	Number	Number
12 May 2015 Issue 9	31 Mar 2018	Nil cents	193,548	-	(64,516)	(129,032)	-	-
28 Aug 2015 Issue 10	31 Mar 2018	Nil cents	80,000	-	-	(80,000)	-	-
1 Sep 2015 Issue 11	1 Sep 2018	30 cents	1,000,000	-	-	-	1,000,000	1,000,000
29 Mar 2018 Issue 12, 13 & 14	30 Sep 2021	Nil cents	-	6,336,405	-	-	6,336,405	-
Total		-	1,273,548	6,336,405	(64,516)	(209,032)	7,336,405	1,000,000
Weighted Average Exercise Price		n/a	Nil	Nil	Nil	Nil	Nil	Nil

2017								
Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Issued during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at end of the year
		Number	Number	Number	Number	Number	Number	Number
12 May 2015 Issue 9	31 Mar 2018	Nil cents	387,096	-	-	(193,548)	193,548	-
28 Aug 2015 Issue 10	31 Mar 2018	Nil cents	660,000	-	(12,500)	(567,500)	80,000	-
1 Sep 2015 Issue 11	1 Sep 2018	30 cents	1,000,000	-	-	-	1,000,000	1,000,000
Total		-	2,047,096	-	(12,500)	(761,048)	1,273,548	1,000,000
Weighted Average Exercise Price		n/a	28 cents	n/a	25 cents	29 cents	28 cents	30 cents

The weighted average remaining contractual life for all outstanding options at the end of the financial year is 3.0 years (2017: 1.1 years).

There were no other options on issue during the financial year.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

7. Share-Based Payments Cont'd

b) Exempt Employee Share Plan (EESP)

The Company operates an EESP to enable all employees to participate in the growth and success of the business.

Under the Plan, each year, employees are invited to apply for up to \$1,000 of ordinary shares subject to meeting certain conditions, including:

- (i) Being a full, part-time or casual employee in continuous service for a minimum period during the calendar year;
- (ii) The shares are tax-free in the hands of the recipient subject to the shares being retained for a period of three years from date of issue.

The Company issued 198,880 shares to 44 qualifying employees during the year.

The effective price of shares issued was 22 cents each and total cost to the company was \$44,000.

In the prior year, the Company issued 168,000 shares to 42 qualifying employees. The effective price of the shares issued was 25 cents and the total cost was \$42,000.

c) Payments for Services

There were no options issued for services during this or the previous financial year.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

		Consolidated	
		2018	2017
		\$	\$
8. Remuneration of Auditors			
Audit and assurance services:			
Audit and review of financial statements		154,000	68,300
Other services:			
Taxation services		16,800	6,000
Total		170,800	74,300
9. Trade and Other Receivables			
		2018	2017
		\$'000s	\$'000s
a) Current Receivables			
Trade receivables		13,448	4,584
Less provision for doubtful debts		(459)	(374)
		12,989	4,210
Other		505	116
		13,494	4,326
b) Provision for impairment loss			
Balance at 1 July 2017		374	334
Charge for the year		318	40
Receivables balances written off		(233)	-
Balance at 30 June 2018		459	374

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

9. Trade and Other Receivables Cont'd

b) Provision for impairment loss cont'd

Receivables are non-interest bearing and are on terms ranging from 30 - 120 days.

A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

An impairment loss provision of \$318,650 (2017: \$39,642) was recognised as an expense during the financial year.

At reporting date, the ageing analysis of past due but not impaired trade receivables was as follows:

	0-30 days \$'000s	30-60 days \$'000s	60-90 days \$'000s	91+ days \$'000s	Total \$'000s
2018	-	1,253	1,557	2,603	5,413
2017	-	331	278	52	661

Receivables outside of normal credit terms within the range of 30 - 120 days have been assessed as recoverable and it is assumed these balances will be settled in full.

Other balances within trade and other receivables do not contain impaired assets, are not considered past due and it is assumed these balances will be settled in full.

Fair value and credit risk

Due to the short-term nature of trade receivables, their carrying value is assumed to approximate to fair value. The maximum exposure to credit risk is the balance owed on receivables, net of any allowances for doubtful debts.

No collateral is held, nor is it the policy to transfer or on-sell receivables to special purpose entities.

Recognition and Measurement

Trade Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Trade receivables are generally due for settlement within a range of 30 - 120 days.

The collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly.

A provision for impairment of trade receivables is raised when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

9. Trade and Other Receivables Cont'd

b) Provision for impairment loss cont'd

Recognition and Measurement cont'd

Significant known financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments and trading well outside of trading terms are considered indicators that a trade receivable may be impaired.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Trade receivables and other receivables are recorded at original invoice amount less any allowance for doubtful debts.

Bad debts are written off as incurred. An estimate of doubtful debts is made when collection of the full amount is no longer probable.

10. Property, Plant & Equipment

	2018 \$'000s				2017 \$'000s			
	Studio	Equip- ment	Improv- ments	Total	Studio	Equip- ment	Improv- ments	Total
Carrying Amount (at cost)								
Balance at start of the year	3,386	1,974	1,298	6,658	3,376	2,143	920	6,439
Acquired on business combination	679	1,628	169	2,476	-	-	-	-
Asset reclassifications	-	(30)	30	-	-	(307)	307	-
Additions	88	243	782	1,113	10	138	71	219
Disposals	-	-	-	-	-	-	-	-
Balance at end of the year	4,153	3,815	2,279	10,247	3,386	1,974	1,298	6,658
Accumulated Depreciation								
Balance at start of the year	2,861	1,719	881	5,461	2,672	1,676	709	5,057
Asset reclassifications	-	-	-	-	42	(92)	50	-
Depreciation expense for the year	155	219	195	569	147	135	122	404
Balance at end of the year	3,016	1,938	1,076	6,030	2,861	1,719	881	5,461
Net Book Value								
Balance at start of the year	525	255	417	1,197	704	467	211	1,382
Balance at end of the year	1,137	1,877	1,203	4,217	525	255	417	1,197

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

10. Property, Plant & Equipment Cont'd

Recognition and Measurement

Property, Plant and Equipment

Property, plant and equipment is recorded at cost less accumulated depreciation.

The carrying value of property, plant and equipment is reviewed for impairment at each reporting date. An asset's carrying value is written down immediately to its recoverable value, if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation

Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessment for major items.

Depreciation is provided on a straight-line basis so as to write down the cost of assets in use, net of residual values over their expected useful life.

The expected useful life of property, plant and equipment is as follows:

- Studio facilities 8 years
- Computer equipment 4 years
- Motor vehicles 5 years
- Office equipment 5 years
- Plant and equipment 4 - 10 years
- Improvements 7 years

Consolidated

2018 \$'000s	2017 \$'000s
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11. Deferred Tax Assets

Deferred tax asset comprises temporary differences attributable to:

Amounts recognised in profit or loss

Doubtful debts	72	112
Employment provisions	256	184
Prepaid subscriptions	101	117
Accrued / other expenses	403	235
Deferred tax asset	832	648
Movements		
Balance at 1 July	648	769
Charge to loss for the year	184	(121)
Balance at 30 June	832	648

Information on the accounting policy for income and other taxes is disclosed in Note 5 of the financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

Consolidated

2018	2017
\$'000s	\$'000s

12. Investments accounted using the equity method

Digital Radio Broadcasting Melbourne Pty Ltd	187	201
	187	201

Recognition and Measurement

Investments in controlled entities are recorded at cost less any impairment losses in the parent entity disclosures in Note 28 of this report. Investments in associates are accounted for in the financial statements by applying the equity method of accounting. The equity method of accounting reflects the treatment of equity investments in associate companies. An investor's proportional share of the associate company's net income increases the investment (and a net loss decreases the investment), and proportional payments of dividends decrease it. In the investor's income statement, the proportional share of the investee's net income or net loss is reported as a single-line item. Accordingly, investments in associates are carried in the Statement of Financial Position at cost plus any post-acquisition changes in the share of net assets of the associate less any impairment in value. When the business has significant influence over an entity that is not jointly controlled, it is deemed an associate.

Investments in Controlled Entities and Associates

The shareholding in Digital Radio Broadcasting Melbourne Pty Limited is accounted for using the equity method of accounting and the current shareholding is 18.2%.

The Company is considered to have significant influence due to its voting rights. For the reporting period, the company recorded no increase in the value of the investment (2017: \$39,000) attributable to its share of profits. The Company provides an interest-free loan with no fixed repayment terms. Repayments of \$64,000 were received on this loan during the year, and the remaining loan balance at reporting date was \$28,000 (2017: \$92,000).

Information relating to the joint venture is set out below.

Associate gross assets and liabilities

Current assets	904	1,329
Non-current assets	449	414
Total assets	1,353	1,743
Current liabilities	147	15
Non-current liabilities	228	619
Total liabilities	375	634
Net assets	978	1,109

Associate gross revenue, expenses and results

Revenues	1,186	1,607
Expenses	(1,265)	(1,409)
(Loss) / Profit for the year before tax	(79)	198

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

	Consolidated	
	2018	2017
	\$'000s	\$'000s
13. Intangible Assets		
Broadcasting - Radio Licences/Website		
Radio licences - indefinite useful life	8,169	8,169
Patents and trademarks - indefinite useful life	122	122
Sub-total	8,291	8,291
Website - SportSENtral	245	381
Website – Amortisation / write-off	(82)	(190)
Sub-total	163	191
Total Broadcasting – Radio Licences/Website	8,454	8,482
Broadcasting - Crocmedia		
Goodwill – indefinite useful life	11,190	-
Broadcast rights – finite useful life	9,280	-
Broadcast rights – amortisation	(485)	-
Sub-total	8,795	-
Total Broadcasting - Crocmedia	19,985	-
Publishing		
Mastheads - indefinite useful life	2,077	2,077
Impairment of Inside Football masthead	(797)	(797)
Sub-total	1,280	1,280
Goodwill	-	7,442
Impairment of goodwill on Morrison Media acquisition	-	(7,442)
Sub-total	-	-
Customer relationships - finite useful life	2,959	2,959
Customer relationships – amortisation	(2,121)	(1,529)
Customer relationships – impairment	(838)	-
Sub-total	-	1,430
Total Publishing	1,280	2,710
Total Intangibles	29,719	11,192

a) Recognition and Measurement

- (i) Radio licences are stated at cost. Analogue licences are renewed for a minimal cost every five years under the provisions of the *Broadcasting Services Act 1992*. Licences are a tradeable commodity and have an underlying value, which is ultimately determined by agreement between vendor and purchaser. Directors understand that the revocation of a radio licence has never occurred in Australia and have no reason to believe the licences have a finite life. These licences are not amortised since in the opinion of the Directors the licences have an indefinite useful life.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

13. Intangible Assets Cont'd

Recognition and Measurement cont'd

- (i) They are tested for impairment annually and at each reporting date to assess whether there is an indication that the carrying value may be impaired.
- (i) Patents and trademarks are not amortised as they are determined to relate to the indefinite useful life of the radio licences.
- (iii) Mastheads and brands are considered to have an indefinite useful life due to their ability to generate cash flows in perpetuity and accordingly are not amortised.
However, they are tested for impairment annually and at each reporting date to assess whether there is an indication that the carrying value may be impaired.
- (iv) Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses.
- (v) Intangible assets with a finite life such as websites, customer relationships and broadcast rights are amortised on a systematic basis over their expected useful life.

The following estimated useful life is used in determining the amortisation cost for tangible assets with a finite life:

- Websites – 5 years
- Customer relationships – 5 years
- Broadcast rights – 4.75 to 5.25 years

b) Intangible Asset Impairment

Goodwill and intangible assets with 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 intangibles assets are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or groups of assets (cash generating units).

Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis and an assessment of the recoverable amount of the intangible is made each reporting period to ensure this is not less than its carrying amount.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

13. Intangible Assets Cont'd

b) Intangible Asset Impairment cont'd

Intangibles are tested annually for impairment at CGU level. Intangibles have been allocated to three CGUs for impairment testing as follows:

- Broadcasting – Radio Licences/Website – \$8.454 million
Radio licences included in broadcasting intangibles are considered to have an indefinite useful life and are not amortised but are reviewed for impairment at each reporting date.
- Broadcasting – Crocmedia – \$19.985 million
Crocmedia intangibles include goodwill and sports broadcasting rights. Sports broadcasting rights in Crocmedia intangibles each have a finite useful life and are amortised as follows:

AFL and NRL	4.75 years
A-League	5.25 years
- Publishing – \$1.280 million.
Publishing intangibles including mastheads, brands and goodwill designated to have a indefinite useful life are not amortised but are reviewed for impairment at each reporting date.

Directors have recognised an amortisation of \$1,136,000 (2017: \$636,000) in relation to finite life intangibles and an impairment of \$838,000 for customer relationships.

The recoverable amount of each CGU has been determined based on the higher of value in use or fair value less cost of disposal methods. The basis for determining the recoverable amount for each CGU under each method is outlined below.

Key Assumptions Used for Impairment Calculations

Value in Use (VIU) for the Broadcasting – Radio Licences/Website CGU

In respect of radio licences, the key assumptions used for value in use for the current period were:

- (i) Net cash flows before tax will grow at an annual rate of 2.0% YoY (2017: 2.3%);
- (ii) A pre-tax discount rate of 18.3% is an appropriate weighted cost of capital (2017: 17%).

Value in use is determined by using actual cash flows and extrapolating these out for future years to determine the terminal value of cash flows.

Value in Use (VIU) for the Publishing CGU

In respect of mastheads, customer relationships, subscriptions lists and goodwill, the key assumptions used for value in use for the current period were:

- (i) Net cash flows for magazine copy sales will decline by 3% YoY (2017: -10%);
- (ii) A pre-tax discount rate of 17% is an appropriate weighted cost of capital (2017: 23%).

Value in use is determined by using actual cash flows and extrapolating these out for future years to determine the terminal value of cash flows.

Future cash flows for intangibles are based on forecasts prepared by management and these forecasts are based on operating results in the current year. Cash flows beyond the five-year period are extrapolated using revenue growth rates ranging from 1.5% positive to 3% negative, which do not exceed the long-term average projected growth rate for the CGU.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

13. Intangible Assets Cont'd

Fair Value Less Cost of Disposal (FVLCOD) for the Broadcasting – Crocmedia CGU

In respect of the Crocmedia CGU goodwill, the key assumptions used for the current period were:

- (i) The acquisition of Crocmedia occurred three months prior to year-end on 29 March 2018;
- (ii) The transaction was at arms-length between two unrelated parties with the Company intending to continue operating Crocmedia as a going concern
- (iii) A due diligence process was performed by a third party and an independent experts report prepared, both deeming the transaction to be fair and reasonable
- (iv) The acquisition was performed in a normal market situation

It should be noted that the goodwill arising from the acquisition of Crocmedia remains provisional as at reporting date.

c) Key Assumptions Used for Value in Use Calculations

Head office costs relating to business operations are allocated to CGU's to arrive at projected net cash flows.

It was considered appropriate to apportion head office costs against Broadcasting and Publishing CGU's based on the revenue generated per CGU.

d) Sensitivity

A variation in the key assumptions used to determine value in use for both CGU's could cause the carrying value to exceed its recoverable amount and hence, directors have completed a sensitivity analysis to test the impact of assumptions on the valuation of the CGUs.

The following reasonable shifts in key assumptions would result in a recoverable amount equal to the carrying value:

Sensitivity	Change in variable	
	Broadcasting	Publishing
Revenue growth 1-5 years	(5.4%)	(12.0%)
Long term growth rate >5 years	(5.5%)	(15.0%)
Discount rate (pre-tax)	(3.4%)	(10.8%)

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

14. Current Payables

Trade payables
PAYG payable
GST payable
Other creditors and accruals

Consolidated	
2018 \$'000s	2017 \$'000s
3,238	833
249	91
937	506
3,830	1,063
8,254	2,493

Recognition and Measurement

Trade and Other Payables

Trade payables and other payables are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

Trade and other payables are initially measured at fair value, and subsequently amortised at cost.

15. Deferred Tax Liability

Amortisation of intangibles - customer relationships
Depreciation of broadcast studios
Other deductions

Consolidated	
2018 \$'000s	2017 \$'000s
-	429
165	210
225	10
390	649

Movements

Balance at 1 July
Credit to loss or profit for the year
Balance at 30 June

649	766
(259)	(117)
390	649

Information on the accounting policy for income and others taxes is disclosed in Note 5 of the financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

	Consolidated	
	2018 \$'000s	2017 \$'000s
16. Provisions		
Employee provisions - current	1,912	607
Employee provisions – non-current	203	7
	2,115	614

Recognition and Measurement

Provisions

Provisions are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable, and the amount can be measured reliably.

The amount recognised as a provision is the best estimate of the liability consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

	Consolidated	
	2018 \$'000s	2017 \$'000s
17. Borrowings		
Bank loan - current	8,521	5,750
	8,521	5,750

Recognition and Measurement

Borrowing costs are recognised as an expense in the statement of profit or loss in the period in which they are incurred. Borrowings are disclosed as a current liability to comply with the requirements of AASB 101 “*Presentation of Financial Statements*”, as the facilities matured by 31 August 2018.

Debt Maturity

The Company had a \$5.750 million facility with the Commonwealth Bank of Australia which expired on 31 August 2018.

A \$2.771 million facility which expired on 31 July 2018 with the National Australia Bank was acquired through business combination.

The Company has negotiated a new \$15.1 million debt facility with the Commonwealth Bank of Australia (CBA) effective 31 August 2018.

Debt Covenants

The Company was fully compliant with banking covenants for the reporting period.

Debt Security

CBA have first ranking security over all assets of the Company and its subsidiaries.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

17. Borrowings cont'd

Debt Facility – Background 30 June 2018

The Commonwealth Bank of Australia facility is \$7.350 million, a \$5.750 million loan facility (Facility A) and a \$1.6 million working capital facility (Facility B). At reporting date, Facility A was fully drawn down and nil was drawn down from Facility B. The facility operates with variable interest rates based on Bank Bill Swap Rate plus a margin. A commitment fee is payable in relation to committed but undrawn funds. Facility A is an interest only facility, and is required to be paid in full three years from drawdown date and has rolled into the new \$15.100 million facility effective 31 August 2018.

The National Australia Bank facility is a \$2.771 million loan facility. At reporting date, this facility was fully drawn down.

Debt Facility - Financial Undertakings

The agreement under which the Commonwealth Bank of Australia facilities have been made available contains financial undertakings typical for facilities of this nature.

The undertakings include financial undertakings that are to be tested at financial year end and financial half-year end based on the preceding 12-month period.

The financial undertakings relate to both leverage and interest coverage and include:

- Annual financial statements to be provided by 30 November of each calendar year;
- Group management accounts to be provided within 45 days of end of the quarter;
- Compliance certificate to be provided within 45 days of each calendar quarter;
- Budgets for next financial year to be provided by 30 June each year; and
- ASX notices are to be advised within seven days of release to the market.

The agreement under which the National Australia Bank facilities have been made available contains financial undertakings typical for facilities of this nature.

The undertakings include financial undertakings that are to be tested at financial year end and financial half-year end based on the preceding 12-month period.

The financial undertakings relate to both leverage and interest coverage and include:

- Annual financial statements to be provided by 31 December of each financial year;
- Group management accounts to be provided within 60 days of end of each half year;
- Compliance certificate to be provided within 60 days of each half year;
- Budgets for next calendar year to be provided by 31 December each year

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

18. Issued Capital

Contributed Equity

	2018		2017	
	No.		No.	
Number of shares on issue	202,691,469		70,817,374	
	\$'000's		\$'000's	
Total amount paid on these shares	54,642		21,680	
	2018		2017	
	No.'000s	\$'000s	No.'000s	\$'000s
Fully Paid Ordinary Share Capital				
Balance at beginning of financial year	70,817	21,680	70,115	21,508
Issue of shares – EESP / EEIP	276	62	180	42
Issue of shares – DRP	-	-	522	130
Issue of shares – Placement	40,000	10,000	-	-
Issue of shares – Scrip Consideration [^]	91,598	22,900	-	-
Balance at the end of the year	202,691	54,642	70,817	21,680

[^] 4,064,466 ordinary shares are yet to be issued at reporting date

Recognition and Measurement

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity but are recognised as expenses through the income statement.

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up in proportion to the number of and amounts paid on shares held.

The fully paid ordinary shares have no par value.

Terms and Conditions of Issued Capital Ordinary Shares

Ordinary shareholders have the right 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 and amounts of paid up shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy at a meeting of shareholders.

Details of share options on issue are disclosed in Note 7.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

	Consolidated	
	2018 \$'000s	2017 \$'000s
19. Accumulated Losses		
Balance at 1 July	(12,715)	(4,202)
Net loss	(2,986)	(7,341)
Dividend paid	-	(1,172)
Balance at 30 June	(15,701)	(12,715)

20. Loss per Share

a) Basic and diluted loss per Share

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	\$'000's	\$'000's
Loss After Income Tax	(2,986)	(7,341)
	000's	000's
Weighted average number (millions) of ordinary shares	104,891	71,172
Basic and diluted loss (cents per share)	(2.8)	(10.1)

7,336,405 options were not included in the number of weighted average ordinary shares used to calculate the diluted earnings per share because the group is in a loss-making position and they are therefore anti-dilutive.

Recognition and Measurement

(i) Basic Loss per Share

Basic loss per share is determined by dividing the loss 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 financial year, adjusted for bonus elements in ordinary share issues during the year.

(ii) Diluted Loss per Share

Diluted loss per share adjusts the amounts used in determining basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shareholders and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

	Consolidated	
	2018 \$'000s	2017 \$'000s
21. Commitments for Expenditure		
Less than 1 year	766	425
Between 1 and 5 years	2,580	1,537
Greater than 5 years	711	-
	4,057	1,962

The above relate to office and premises with lease terms between 5 and 7 years with options to renew for a further 6 years for some leases.

22. Contingent Liabilities

The Company and its subsidiaries are not engaged in any litigation proceedings, which could have a material impact on the result for the reporting period.

23. Controlled Entities

Entity - Investment in ordinary shares	Country of Incorporation	Ownership 2018 %	Interest 2017 %
Parent Entity			
Pacific Star Network Limited	Australia		
Controlled Entities			
Victorian Radio Network Pty Ltd	Australia	100	100
Malbend Pty Ltd	Australia	100	100
Morrison Media Services Pty Ltd	Australia	100	100
Inside Football Pty Ltd	Australia	100	100
Crocmedia Pty Ltd	Australia	100	-
Thread Communications Pty Ltd	Australia	100	-
Ballpark Entertainment Pty Ltd	Australia	100	-
Bravo Management Pty Ltd	Australia	100	-
AFL Nation Pty Ltd	Australia	100	-
Associate			
Digital Radio Broadcasting Melbourne Pty Ltd	Australia	18	18

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

24. Segment Information

The company operates in the Media industry in Australia.

There are four operating segments – broadcasting, publishing, complementary services and head office.

AASB 8 requires operating segments to be disclosed in a manner that reflects the management information reviewed by senior management and the Board (the Chief Operating Decision Makers ('CODM')). The financial performance of each segment is reviewed by CODM at the level of earnings before interest, tax, depreciation and amortisation (EBITDA).

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. Accordingly, reporting segments have been determined based on business and cash generating units at the reporting date, as this forms the basis of reporting to the Board (CODM).

Unallocated items

The following items of revenue and expenses are not allocated to operating segments as they are not considered part of the core operations of any segment:

- income tax expense

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board, being the chief operating decision-makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Company.

Intersegment transactions

Internally determined management fees are set for intersegment activities and all such transactions are eliminated on consolidation of the financial statements.

	30 June 2018 \$000's				30 June 2017 \$000's			Total \$000's	
	Broadcasting	Publishing	Complementa ry	Head Office	Broadcasting	Publishing	Head Office	2018	2017
Segment Revenue	24,741	5,090	3,004	-	15,465	6,628	-	32,835	22,093
Underlying EBITDA	3,086	678	403	(489)	2,500	1,462	(846)	3,679	3,116
Depreciation & Amortisation	(906)	(670)	-	(130)	(437)	(607)	-	(1,706)	(1,044)
Earnings before interest, tax & significant items	2,180	8	403	(619)	2,063	855	(846)	1,973	2,072
Net finance cost	-	-	-	(341)	(1)	3	(305)	(341)	(303)
Impairment/Restructuring	(3,314)	(883)	-	(30)	(146)	(8,355)	-	(4,227)	(8,501)
Segment (loss)/profit before tax	(1,134)	(875)	403	(990)	1,916	(7,497)	(1,151)	(2,595)	(6,732)

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

25. Related Party Disclosures

a) Equity Interests in Related Parties

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 23 of this report.

b) Remuneration and Retirement Benefits

Details of Key Management Personnel remuneration is disclosed in the Directors' Report and Note 6.

c) Transactions with Key Management Personnel

- (i) The Company had a lease agreement with Infuture One Pty Ltd as trustee for Infuture One Trust (majority unit holder is Ronald Hall) for business premises which was terminated effective 31 July 2018.

The Company has an agreement with Craig Hutchison Media Pty Ltd for the provision of talent appearances and services totalling \$100,000 for the reporting period.

The terms and conditions of both agreements are on an arm's length basis similar to those negotiable with non-related third parties.

- (ii) Profit before income tax includes the following expense resulting from transactions with directors or their director-related entities:

	Consolidated	
	2018	2017
	\$'000s	\$'000s
Lease payments	454	425
Lease termination payment	750	-
Talent & Consulting services	100	31
Total	1,304	456

d) Parent Entity

- The parent entity in the consolidated entity is Pacific Star Network Limited.
- The parent entity in the wholly-owned group is Pacific Star Network Limited.
- The ultimate Australian parent entity is Pacific Star Network Limited.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

Consolidated

2018 \$'000s	2017 \$'000s
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26. Note to The Statement of Cash Flows

a) Reconciliation of Cash

Cash assets	7,981	1,663
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b) Reconciliation of Loss after Income Tax to Net Cash flows from Operating Activities

Net loss after income tax	(2,986)	(7,341)
Depreciation and amortisation of non-current assets	1,705	1,044
Intangibles impairment and asset write-off	838	8,324
Share based payments – EEIP/EESP	237	-
(Increase) / decrease in assets:		
- receivables and other	(3,510)	171
- deferred tax assets	(184)	121
Increase / (decrease) in liabilities:		
- payables	91	(865)
- provisions	750	(186)
- taxation	(846)	(79)
Net cash (outflows)/inflows from operating activities	(3,905)	1,189

c) Non-cash investing and financing activities

Borrowings acquired on business combination	2,771	-
Shares issued on business combination	22,900	-
Total	25,671	-

Recognition and Measurement

Cash and Cash Equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

Consolidated

2018 \$'000s	2017 \$'000s
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27. Dividends Paid and Proposed

Dividends paid were as follows:

Interim dividend during half year ended 31 December	-	736
Final dividend paid during prior year ended 30 June	-	436
	-	1,172

Dividends paid in cash during the year:

Paid in cash	-	1,028
Paid via issue of shares in Dividend Reinvestment Plan	-	144
	-	1,172

Interim dividend paid for half year - cents per share	n/a	0.60
Final dividend declared - cents per share	n/a	n/a
Total dividend paid	-	0.60

In recognition of the future capital needs of the business, directors have determined that cash resources are better directed towards these purposes and accordingly, have resolved to not declare a final dividend for the reporting period.

Parent Entity

2018 \$'000s	2017 \$'000s
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28. Parent Entity Disclosures

Result of the Parent Entity

Loss for the year after tax	(3,308)	(812)
Total comprehensive loss for the year	(3,308)	(812)

Summarised Statement of Financial Position

Current Assets	4,616	14
Total Assets	37,798	8,414
Current Liabilities	(5,728)	(6,212)
Total Liabilities	(5,954)	(6,212)
Net Assets	31,844	2,202
Share Capital	54,642	21,680
Share Based Payment Reserve	748	692
Accumulated Losses	(23,546)	(20,170)
Total Equity	31,844	2,202

The Company has not provided any guarantees at reporting date (2017: Nil).
There were no contingent liabilities or capital commitments at reporting date (2017: Nil).

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

29. Events subsequent to reporting date

Acquisition of Share in Melbourne United Basketball Club Pty Ltd

On 16 July 2018, the Group acquired a 25% share in the issued capital of Melbourne United Basketball Club Pty Ltd. Melbourne United is the reigning premier in the National Basketball League competition and represents a unique end-to-end opportunity for our brand partners while also adding to the Group's portfolio of live sports broadcasting.

The acquisition is funded out of operating cash flow with \$1.0 million paid on completion. The contract provides additional commitments over three years if agreed revenue targets are not met.

Acquisition of AFL Publications Business

On 30 July 2018 the Group acquired 100% of the AFL Publications business for a purchase price of \$8.1 million comprising \$5.85 million cash and \$2.25 million prepaid advertising to be retained by the AFL. The marquee AFL Record publication has been the official AFL match program for more than 100 years.

The \$5.850 million is to be funded out of operating cash flow and existing debt facilities with \$2.100 million paid on completion and a further two instalments of \$1.7 million payable on 31 October 2018 and 31 October 2019.

The Group has not yet finalised its fair value assessment of the net assets acquired and goodwill. As such, no further information about this has been disclosed.

Disposal of Morrison Media Publications Business

On 13 September 2018 the Group disposed of 100% of the Morrison Media Services Pty Ltd business for total cash consideration of \$2.4 million less working capital adjustments payable 70% on completion and 30% on 30 June 2019.

The disposal aligns with the Company's strategic direction focusing on sport related content and complementary assets which will be continued with the recent acquisition of the AFL Record publication.

Establishment of New Debt Facility

The Company negotiated a new \$15.100 million debt facility with the Commonwealth Bank of Australia effective 31 August 2018.

Other than those mentioned above, there were no other events subsequent to reporting date.

Notes to the Consolidated Financial Statements for the year ended 30 June 2018

30. Business Combination

On 29 March 2018, the Company acquired 100% of the issued shares in Crocmedia for scrip consideration of \$22,899,550 (91,598,199 ordinary shares at 25 cents). Crocmedia is a sports content and entertainment business, which through its other complementary business units, has capabilities to deliver brand stories to national, metropolitan and regional audiences with unique and exclusive content via multiple platforms including radio, television, online, in-stadium and events.

The acquisition creates a more comprehensive platform to service brand partners by offering an expanded solution across owned and supplied radio, television, online, in-stadium, events and print.

	Fair Value \$000's
Cash and cash equivalents	1,306
Trade and other receivables	5,741
Prepayments	1,903
Property, plant and equipment	2,476
Borrowings	(2,771)
Trade and other payables	(5,849)
Deferred Revenue	(242)
Provisions	(135)
Net Identifiable Assets Acquired	<u>2,429</u>

The Group will finalise its fair value assessment for the acquisition of Crocmedia in the financial statements of the Group for the half-year ending 31 December 2018.

The provisional goodwill arising on the acquisition was as follows:

	\$000's
Purchase consideration – shares issued (refer Note 18)	22,900
Less: provisional value of net identifiable assets acquired	(2,429)
Provisional fair value of intangible contracts acquired	(9,280)
Provisional goodwill arising on acquisition	<u>11,191</u>

Goodwill arising from the acquisition of Crocmedia remains provisional as at 30 June 2018 while the Company finalises its assessment of the fair value of assets and liabilities acquired.

The goodwill is attributable to the potential to provide an expanded range of solutions to brand partners across multiple platforms, the value of growth opportunities and inseparable intangibles such as operational expertise, employee skills and experience and synergies with the existing Pacific Star Network business.

An amount of \$3.389 million has been recognised as an expense in the Statement of Comprehensive Income relating to once-off legal, due diligence, corporate advisory and independent report costs.

The acquired business contributed revenues of \$11.602 million and profit before tax of \$1.070 million for the three months since acquisition.

Had the business combination occurred as of the beginning of the reporting period, the acquired business would have contributed revenues of \$33.141 million and profit before tax of \$1.015 million (including \$0.954 million of abnormal costs).

Additional Securities Exchange Information as at 18 September 2018

Number of Holders of Equity Securities

Ordinary Share Capital

198,877,003 fully paid ordinary shares held by 727 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

7,336,405 share options are held by 7 individual option holders.

Share options do not carry the right to vote.

Distribution of Holders of Equity Securities

	Fully Paid Ordinary Shares	Share Options
1 - 1,000	146	-
1,001 - 5,000	304	-
5,001 - 10,000	103	-
10,001 - 100,000	126	-
100,001 - and over	48	7
Total Holders	727	7
Holdings with less than a marketable parcel	195	-

Substantial Shareholders

The following substantial holding notices have been provided to the Company.

Ordinary Shareholders	Date	Fully Paid Ordinary Shares	% of Issued Capital
Craig Hutchison Media Pty Ltd	29 Mar 2018	49,410,736	24.84
Viburnum Funds Pty Ltd	29 Mar 2018	46,851,198	23.55
Chase Properties & Development Pty Ltd	29 Mar 2018	26,424,217	13.29
Bond Street Custodians Limited	29 Mar 2018	20,109,998	10.11
Total		142,796,149	71.79

Additional Stock Exchange Information Cont'd as at 18 September 2018

Twenty Largest Holders of Quoted Equity Securities

Rank	Name	Units	% of Units
1.	CRAIG HUTCHISON MEDIA PTY LTD	49,410,736	24.84
2.	J P MORGAN NOMINEES AUSTRALIA LIMITED	33,000,000	16.59
3.	CHASE PROPERTIES & DEVELOPMENT PTY LTD	26,424,217	13.29
4.	BOND STREET CUSTODIANS LIMITED <ACO1 - D64191 A/C>	20,109,998	10.11
5.	J P MORGAN NOMINEES AUSTRALIA LIMITED	15,070,923	7.58
6.	RADIO 3AW MELBOURNE PTY LIMITED	7,932,357	3.99
7.	LEISA GIANNOPOULOS	7,834,638	3.94
8.	YARRAGENE PTY LTD <YENZIK NO 1 A/C>	5,283,003	2.66
9.	KARAPHONE PTY LTD	3,977,133	2.00
10.	COWOSO CAPITAL PTY LTD <THE COWOSO S/F A/C>	3,000,000	1.51
11.	QUATTROVEST PTY LTD	2,868,596	1.44
12.	AMANDA HENDERSON <HENDERSON FAMILY A/C>	2,347,913	1.18
13.	LORDS FURNITURE PTY LTD <BILL GUEST FAMILY S/F A/C>	1,400,000	0.70
14.	KEMBLA NO 20 PTY LTD	1,343,750	0.68
15.	MAXIPOP PTY LTD <MAXIPOP SUPERFUND A/C>	1,000,000	0.50
16.	QUATTRO HOLDINGS PTY LTD <QUATTRO INVESTMENT #2 A/C>	883,575	0.44
17.	VIVRE INVESTMENTS PTY LTD	875,000	0.44
18.	JAMES SWANWICK	822,416	0.41
19.	TREVISM PTY LTD <TREVISM FAMILY A/C>	800,000	0.40
20.	MRS TRACEY LEE CUNNINGHAM <THE AVEBURY FAMILY A/C>	758,295	0.38
Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		185,142,550	93.09
Total Remaining Holders Balance		13,734,453	6.91