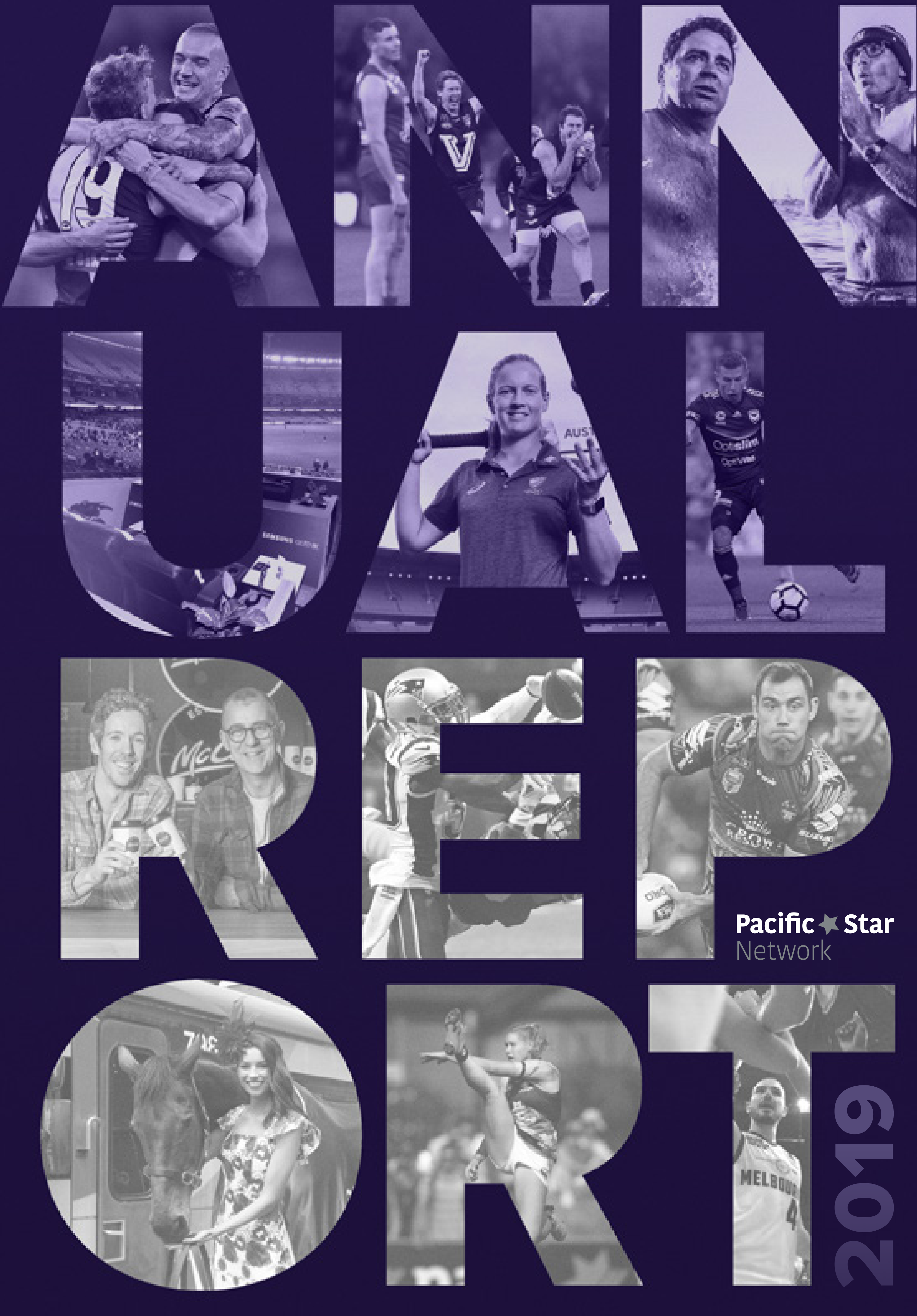
ANNUAL REPORT



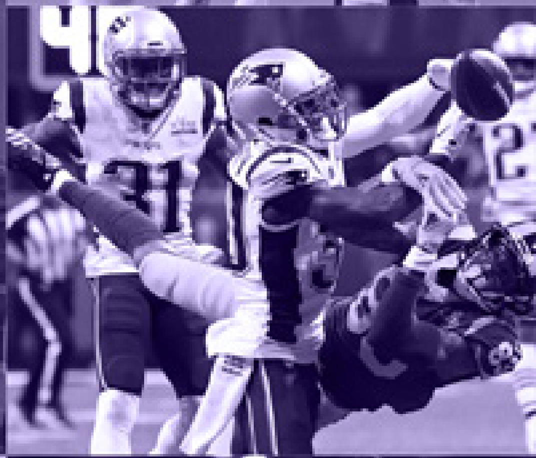
Pacific Star
Network

2019



AUSTRALIA 2020












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 Monday 25 November at 3.00pm.

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

Chairman's Report 2019

Dear Shareholder,

Overview

Pacific Star Network Limited and its subsidiaries is pleased to report that we have achieved results in line with guidance after our first full twelve months of operation since the merge with Crocmedia in March 2018.

The accelerated implementation of merger cost synergies has supported significant investment in organic revenue and growth initiatives including expanded multi-year radio broadcast rights partnerships, additional resources to support these partnerships including on-air talent and expanded in-stadium assets.

These investments are anticipated to deliver continued earnings growth in future years as our combined sales teams have increased runway to promote available inventory across all our platforms, audiences become increasingly familiar with our programming content and brand partners become increasingly familiar with our 'Whole of Sport' offering and its unique commercial proposition.

We have been able to extend our audience reach and engagement across our digital assets including multiple audio streams, videos, podcasts and geo-targeted advertising with significant increases across all key metrics.

Strategic Acquisitions and Divestment

We completed the strategic acquisition of the AFL Publishing business and investment in Melbourne United basketball club during the year with both delivering immediate financial and operational benefits.

The AFL Publishing business provides another opportunity for brand partners to connect with footy fans across multiple touchpoints ranging from our flagship 'AFL Nation' live game-day broadcasts, pre and post-game radio content, in-stadium LED signage and hospitality.

We had strong interest in Melbourne United commercial opportunities from brand partners with the team also making the grand final series last year and this interest has continued into the start of the 2019-20 season.

The divestment of the Morrison Media publishing business was completed in September 2018 as a result of the AFL Publishing business acquisition with the lifestyle publications not aligning to our 'Whole of Sport' strategy.

Subsequent to FY19, we have completed three additional strategic acquisitions:

- 23 narrowband area radio licences covering several regional markets in addition to Brisbane, Adelaide, Sydney, Perth, Darwin and Gold Coast. These licences transform our radio platform ownership, significantly expanding our audience reach and provides opportunities to leverage our extensive content portfolio.
- Rapid TV provides live satellite and internet-based vision transfer services through state-of-the-art facilities in Australia and internationally and will integrate seamlessly into our Rainmaker television production services division.
- Precision Talent Management represents over 80 current and past AFL players and coaches, AFLW players, crickets and other media talent. The acquisition aligns with our 'Whole of Sport' strategy providing our brand partners with access to some of the most recognisable names in the Australian sporting landscape.

Outlook

We anticipate further growth in revenue streams and earnings derived from the recent strategic investments and continued maturation of our 'Whole of Sport' offering and its unique commercial proposition.

We will continue to invest and scale the business for ongoing earnings and strategic value and are confident that near-term double-digit earnings growth is achievable.

Craig Coleman
Chairman

Melbourne, 23 October 2019

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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 2019.

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 as an alternative Non-Executive Director on 18 November 2017

Current Directors

The biographies for current directors are detailed below:

Mr Craig Coleman

Chairman and Non-Executive Director (BComm)

Mr Coleman is co-founder and Managing Partner of Viburnum Funds Pty Ltd, a private and public equities fund manager. 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.

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, where he developed a digitally led global resources media business. In addition to his media industry experience, Mr O'Brien has worked in international financial services, tier one management consultancy at Andersen Consulting (Accenture) and Barclays Bank Plc.

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

Directors' Report Cont'd

Current Directors Cont'd

Mr Andrew Moffat

Non-Executive Director

Mr Moffat has in excess of 24 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 12 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 live sports rights acquisitions, building Crocmedia's distribution partnerships and syndication business along with overseeing Bravo Talent Management and its expansion.

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 since 2007.

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

Directors' Report Cont'd

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
	Bell Financial Group Limited – Non-Executive Director
	Pulse Health Limited – Non-Executive Director
	Rubik Financial Limited – Chairman
Colm O'Brien:	Serpentine Technologies Limited – Non-Executive Director
	Aspermont Limited – 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 sports media 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, print, television, online, in-stadium and events.

Review of Operations

- For the year ended 30 June 2019, the Group delivered a strong financial result, in line with its objectives for the financial year. Total revenue from continuing operations of $67.007 million up over 100% and underlying EBITDA at $9.009 million up over 100% on the comparative period.
- On 15 July 2018, the Group acquired a 25% share in the issued capital of Melbourne United Basketball Club Pty Ltd. Melbourne United is a premier winning team in the National Basketball League competition and represents a unique end-to-end opportunity for our brand partners.
- On 27 July 2018, the Group acquired 100% of the AFL Publications business for a purchase price of $8.100 million comprising $5.850 million cash less working capital adjustments of $0.244 million and $2.250 million prepaid advertising to be retained by the AFL. The AFL Record had a pleasing result in line with expectations, with revenue of $6.846 million and net profit after tax at $2.269 million.
- On 13 September 2018, the Group disposed of 100% of the business of Morrison Media for total cash consideration of $2.400 million less working capital adjustments, resulting in a gain on sale of $0.506 million. The disposal aligned with the Group's strategic direction focusing on sport-related content and complementary assets.

Directors' Report Cont'd

Significant Changes in the State of Affairs

Other than the matters referred to above, in the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2019.

Profit / (loss) per Share

The basic profit per share was 1.70 cents (2018 loss: 2.80 cents) and the diluted profit per share was 1.64 cents (2018 loss: 2.80 cents). Underlying earnings per share was 1.97 cents (2018: 1.25 cents).

The weighted average number of ordinary shares on issue during the financial year used in the calculation of basic loss per share was 202,894,894 shares (2018: 104,891,340 shares).

Events since the end of the Financial Year

Acquisition of radio licences

On 2 July 2019, the Group signed an agreement to acquire 23 narrowband area radio licences for total cash consideration of $6.875 million less $0.250 million paid in December 2018, a further $0.625 million paid in July 2019, and the balance paid on completion. The licences will transform the Group's radio platform ownership, significantly expanding its radio audience reach and providing opportunity to leverage its extensive content portfolio. The licences cover several regional radio markets as well as Brisbane, Adelaide, Sydney, Perth, Darwin, Alice Springs and Gold Coast.

Acquisition of Rapid TV Pty Ltd and Rapid TV Broadcast Pty Ltd

On 19 July 2019, the Group acquired 100% of Rapid TV Pty Ltd and Rapid TV Broadcast Pty Ltd for a cash consideration of $2.223 million, deferred contingent consideration of up to $0.400 million in cash and an issuance of 600,000 performance rights to acquire the fully paid ordinary shares in the Company. Both the deferred contingent consideration and the exercising of the performance rights are subject to the achievement of performance targets during the first twelve months following acquisition.

Rapid TV provides live satellite and internet-based vision transfer services through state-of-the-art facilities, in Australia and internationally, and will integrate seamlessly with the Group's Rainmaker division providing dedicated television production services to both broadcasters and brands, including production, filming, editing, talent sourcing and delivery.

Acquisition of Precision Talent Management Business

On 21 August 2019, the Group signed an agreement to acquire 100% of the business assets in Precision Talent Management Pty Ltd for a total consideration of $1.000 million. The purchase price was funded through 50% existing cash reserves and 50% PNW scrip.

Precision aligns with the Group's 'Whole of Sport' offering, representing over 80 past and present AFL and AFLW players and coaches, cricketers and other media talent.

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

Directors have resolved to not declare a final dividend for the year (2018: 0.0 cents).

Directors have formed the view that free cash flow should be directed towards the future growth of the business and ongoing investment across the Group.

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 consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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.

Directors' Report Cont'd

Shares and Options granted to Executives and Employees

Shares under option

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 6,678,913 options could be exercised as long-term incentives (LTI) for nil consideration.

Unissued ordinary shares of Pacific Star Network Limited under option at the date of this report are as follows:

Grant Date	Expiry date	Exercise price	Number under option
29 Mar 18	30 Sep 20[1]	Nil	2,112,135
29 Mar 18	30 Sep 21[1]	Nil	2,112,135
29 Mar 18	30 Sep 22[1]	Nil	2,112,135
6 Aug 18	30 Sep 20[1]	Nil	171,254
6 Aug 18	30 Sep 21[1]	Nil	171,254
6 Aug 18	30 Sep 22[1]	Nil	171,255
4 Nov 18	30 Sep 20[1]	Nil	114,169
4 Nov 18	30 Sep 21[1]	Nil	114,169
4 Nov 18	30 Sep 22[1]	Nil	114,170
20 Feb 19	30 Jun 20	Nil	100,000
4 Apr 19	28 Jan 21	Nil	200,000
			7,492,676

Shares issued on the exercise of options

During the period, 250,000 ordinary shares were issued on the exercise of 250,000 options for $75,000 consideration.

For further information about options issued to KMP refer to pages 17-19 of the Remuneration Report.

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	301,209
Craig Coleman[2]	50,398,847
Craig Hutchison	49,410,736
Ronald Hall	20,109,998
Total	132,069,470

[1] The expiry date of these options is as per the vesting conditions outlined on pages 13-14.

[2] Includes 49,748,847 shares held by Viburnum Funds Pty Ltd

Directors' Report Cont'd

Remuneration Report (Audited)

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, 12 board meetings were held.

Directors	Eligible to attend	Attended
Craig Coleman	12	12
Colm O'Brien	12	12
Andrew Moffat	12	12
Craig Hutchison	12	11
Chris Giannopoulos	12	12
Ron Hall[3]	0	0

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
Craig Coleman	Non-Executive Director and Chairman	Full year
Colm O'Brien	Non-Executive Director	Full year
Andrew Moffat	Non-Executive Director	Full year
Ronald Hall	Non-Executive Director / Alternative Director	Full year
Craig Hutchison	Chief Executive Officer and Executive Director	Full year
Chris Giannopoulos	Executive Director	Full year

Other Key Management Personnel	Position	Period
Jodie Simm	Company Secretary / Chief Operating Officer	Full year
Richard Simkiss	Group Business Director	Full year
Sam Bingley	Chief Commercial Officer	Full year
Tim Cleary	Chief Content Officer	Full year

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.

[3] As an alternate non-executive director, Ron is only required to attend Meetings of Directors where another non-executive director is unavailable

Directors' Report Cont'd

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 - $'000s	**2019**	*Restated 2018	2017	2016	2015
Profit / (loss) for year before tax attributable to owners	**5,375**	(2,528)	(6,732)	1,429	413
Profit / (loss) for year after tax attributable to owners	**3,452**	(2,919)	(7,341)	1,093	(79)
Basic earnings / (loss) per share (cents)	**1.70**	(2.8)	(10.1)	1.5	(0.1)
Dividends per share (cents)	**-**	-	0.6	2.4	2.3
Dividend payments ($'000s)	**-**	-	1,172	1,681	1,350
Dividend payout ratio – underlying earnings (%)	**-**	-	101%	99%	109%
Share price at year end (A$)	**0.31**	0.33	0.25	0.18	0.28
KMP incentives as % of profit / (loss) after tax for the year[4]	**23%**	5%	1%	7%	344%

**Comparative period was restated for finalisation of provisional accounting of Business combination. Refer note 29.*

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 2019 is detailed on page 15.

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).

[4] KMP incentives are short / long-term incentives per the Remuneration Report.

Directors' Report Cont'd

Remuneration Report (Audited) Cont'd

Relationship between remuneration and the company's financial performance Cont'd

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 15.

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 750,000 options lapsed during the year due to the options not being exercised by the holder.

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 17. The table below summarises the performance and vesting conditions for options that may be exercised 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 12	29/03/2018	Subject to achieving KPIs, 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 KPIs, options vest on issue date of financial statements in respect of the Testing Date – 30/06/2020	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

Directors' Report Cont'd

Remuneration Report (Audited) Cont'd

Relationship between remuneration and the Company's financial performance Cont'd

Series	Issued	Vesting Timing	Vesting Conditions
Issue 14	29/03/2018	Subject to achieving KPIs, 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
Issue 16	04/11/2018	Subject to achieving KPIs, 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 17	04/11/2018	Subject to achieving KPIs, 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 18	04/11/2018	Subject to achieving KPIs, 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 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' Report Cont'd

Remuneration Report (Audited) Cont'd

Relationship between remuneration and the company's financial performance Cont'd

Directors invite individuals to participate in the Employee and Executive Incentive Plan (EEIP) whereby they are granted options that can only be exercised subject to achieving service and vesting conditions at the end of specific periods.

Voting and comments at the Company's 2018 Annual General Meeting (AGM)

At the last Annual General Meeting, the Company received a 'yes' vote of 99% on its Remuneration Report for the 2018 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 LTIs.

Remuneration for each member of KMP for the year ended 30 June 2019 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	Total
	Cash Wage/fee $	Comm-issions $ / %	$	Super-annuation $	LTI Options $ / %	Long service leave $	$	$
2019								
Directors of Pacific Star Network Limited								
C Coleman	75,000	-	75,000	-	-	-	-	75,000
R Hall	-	-	-	-	-	-	-	-
A Moffat	50,000	-	50,000	4,750	-	-	-	54,750
C O'Brien	54,750	-	54,750	-	-	-	-	54,750
Sub-total	179,750	-	179,750	4,750	-	-	-	184,500
Other Key Management Personnel of the Group								
C Hutchison	524,535	-	524,535	20,531	222,339 29%	-	-	767,405
C Giannopoulos	409,228	24,998 4%	434,226	20,532	111,170 20%	-	-	565,928
J Simm	279,461	-	279,461	20,531	111,170 27%	-	-	411,162
R Simkiss	356,127	-	356,127	20,531	112,990 23%	-	-	489,648
S Bingley	307,613	46,050 10%	353,663	20,531	74,113 17%	-	-	448,307
T Cleary	349,755	12,500 3%	362,255	20,531	92,641 19%	-	-	475,427
Sub-total	2,226,719	83,548 [5] 3%	2,310,267	123,187	724,423[6] 23%	-	-	3,157,877
Total	2,406,469	83,548 2%	2,490,017	127,937	724,423 22%	-	-	3,342,377

[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.

Directors' Report Cont'd

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	Total
	Cash Wage/fee $	Comm-issions $ / %	$	Super-annuation $	LTI Options $ / %	Long service leave $	$	$
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 4%	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	192,922	3,828 2%	196,750	18,677	-	-	-	215,427
Sub-total	1,571,380	23,790[7] 1%	1,595,170	128,272	125,650[8] 6%	11,720	240,958	2,101,770
Total	1,810,624	23,790 1%	1,834,414	134,519	125,650 5%	11,720	240,958	2,347,261

[7] Includes monthly, quarterly and annual incentives paid in cash during the financial year.

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

Directors' Report Cont'd

Remuneration Report (Audited) Cont'd

Details of Share Based Compensation

Issued to / grant date	Vesting date	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 $
C O'Brien 1 Sep 15	1 Mar 18	1 Sep 18	30 cents	-	-	9,475	(28,425)	4 cents
R Simkiss	30 Sep 19	30 Sep 20 [9]	Nil	114,169	30,141	-	-	33 cents
4 Nov 18	30 Sep 20	30 Sep 21 [9]	Nil	114,169	30,141	-	-	33 cents
	30 Sep 21	30 Sep 22 [9]	Nil	114,170	30,141	-	-	33 cents
Total	n/a	n/a	n/a	342,508	90,423	9,475	(28,425)	n/a

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

Share Based Payments

- 6,678,913 options can be exercised by KMP in the future subject to achieving KPIs.
- 342,508 options over ordinary shares were granted to KMP during the financial year.
- 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 01/07/18	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 30/06/19	Expiry Date	Estimate of min / max grant value $
C O'Brien	1,000,000	-	(250,000)	(750,000)	-	01 Sep 18	-
C Hutchison	2,055,050	-	-	-	2,055,050	30 Sep 22 [9]	491,568
C Giannopoulos	1,027,525	-	-	-	1,027,525	30 Sep 22 [9]	245,784
J Simm	1,027,525	-	-	-	1,027,525	30 Sep 22 [9]	245,784
R Simkiss	685,017	342,508	-	-	1,027,525	30 Sep 22 [9]	254,278
S Bingley	685,017	-	-	-	685,017	30 Sep 22 [9]	163,856
T Cleary	856,271	-	-	-	856,271	30 Sep 22 [9]	204,820
Total	7,336,405	342,508	(250,000)	(750,000)	6,678,913	n/a	1,606,090

[9] The expiry date of these options is as per the vesting conditions outlined on pages 13-14.

Directors' Report Cont'd

Remuneration Report (Audited) Cont'd

Details of Share Based Compensation cont'd

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 2019 included:

(i) Options issued to employees were issued for nil consideration and on vesting are exercisable into an equivalent number of shares.

(ii) 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%.

(iii) Risk-free rates for options issued were 1.9% (Tranche 1) and 2.1% (Tranche 2 and 3).

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[10]	20,109,998	-	-	-	-	20,109,998
A Moffat	3,002,700	-	-	-	-	3,002,700
C O'Brien	51,209	250,000	-	-	-	301,209
C Coleman[11]	46,851,198	-	-	3,547,649	-	50,398,847
C Hutchison	49,410,736	-	-	-	-	49,410,736
C Giannopoulos	8,845,980	-	-	-	-	8,845,980
J Simm	5,126,354	-	-	-	-	5,126,354
S Bingley	-	-	-	-	-	-
R Simkiss	-	-	-	-	-	-
T Cleary	-	-	-	-	-	-
Sub total	133,398,175	250,000	-	3,547,649	-	137,195,824

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

[11] Includes 49,748,847 shares held by Viburnum Funds Pty Ltd

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
C O'Brien	1,000,000	(250,000)	-	(750,000)	-
C Giannopoulos	1,027,525	-	-	-	1,027,525
C Hutchison	2,055,050	-	-	-	2,055,050
J Simm	1,027,525	-	-	-	1,027,525
S Bingley	685,017	-	-	-	685,017
R Simkiss	685,017	-	342,508	-	1,027,525
T Cleary	856,271	-	-	-	856,271
Total	7,336,405	(250,000)	342,508	(750,000)	6,678,913

None of the 6,678,913 options at balance date had vested at 30 June 2019.

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

The Company has an agreement with Craig Hutchison Media Pty Ltd for the provision of talent appearances and services totalling $400,000 during the reporting period. This agreement is made on normal commercial terms and conditions.

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

	Consolidated	
	2019 $'000s	2018 $'000s
Lease payments	**39**	454
Lease termination payment	**-**	750
Talent & Consulting services	**400**	100
Total	**439**	1,304

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 2019 was $606,394 p.a.
- An annual bonus 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 2019 was $430,000 p.a.
- An annual bonus 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 2019 was $300,000 p.a.
- An annual bonus 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 2019 was $400,000 p.a.
- An annual bonus 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

Directors' Report Cont'd

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 2019 was $340,000 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 2019 was $380,531 p.a.
- An annual bonus 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 2018 Remuneration Report was approved at the AGM held on 30 November 2018.

End of Audited Remuneration Report

Non-Audit Services

The Company may decide to employ BDO 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 $102,100 (2018: $16,800) 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:

(i) all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor; and

(ii) 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.

Directors' Report Cont'd

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2019 as required under Section 307(c) of the *Corporations Act 2001* has been received and is located on page 23.

Corporate Governance Statement

The 2019 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 19 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, 26 September 2019

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

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 2019, 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, 26 September 2019

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

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 2019, 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 2019 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 AFL Record

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 29 Business combinations of the accompanying financial report. On 27 July 2018, the Group acquired the AFL Record business from the Australia Football League in exchange for $8.1m consideration comprising $5.85m cash less working capital adjustments and $2.25m prepaid advertising to be retained by the AFL. Accounting for the business combination is a key audit matter due to the significance of the acquisition to the Group, and the complexities associated with the transaction. This included determining the acquisition date, determining the fair value of the assets and liabilities acquired including deferred revenue in relation to prepaid advertising and the potential identification and recognition of identifiable intangible assets.	Our procedures, amongst others, included: • Review of the sale and purchase agreement to understand the terms and obligations under the contract, including the amount of deferred consideration. • Evaluating Management's assessment of the accounting treatment of the transaction in order to ensure that it was in accordance with Australian Accounting Standards. • Assessment of the fair value of assets and liabilities acquired at acquisition date. • Review of Management's assessment of any separately identifiable intangibles. • Critical evaluation of the Group's classification of cash generating unit's based on our understanding of the business. • Recognition and assessment of indefinite life intangible assets arising from the acquisition. • Evaluating the adequacy of the disclosures relating to the business combination within the financial report.

Investment in associate - Melbourne United

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 12 Investment in Associates of the accompanying financial report. On 15 July 2018, the Group acquired a 25% share in the issued capital of Melbourne United Basketball Club Pty Ltd. This was a key audit matter due to the complexities within the contract, judgements involved in determining the value of, and the appropriate accounting treatment for, the investment.	Our procedures, amongst others, included: • Review of the investment agreement to understand the terms and obligations, including the amount of consideration. • Evaluating Management's accounting assessment of the transaction in accordance with Australian Accounting Standards. • Engaging our IFRS technical experts to evaluate the accounting treatment of the investment in Melbourne United. • Reviewing the investment for impairment as at 30 June 2019. • Evaluating the adequacy of the financial report disclosures relating to the investment and the equity accounting for the share of the loss incurred.

Impairment assessment of indefinite intangible assets

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 13 Intangible Assets of the accompanying financial report The Group has material indefinite life intangible assets including goodwill, radio licenses, brand and distribution rights. The indefinite life intangibles are required to be tested at least annually for impairment in accordance with Australian Accounting Standards. Management have reassessed the intangible asset cash generating units (CGU's) for impairment testing as at 30 June 2019. Management have combined the Broadcasting and Crocmedia CGU's into the one Media CGU in light of the change in financial reporting and synergies achieved across the two businesses, the consistent customers and inability to differentiate cash flows. The intangibles are required to be tested for impairment prior to the reallocation of CGUs. 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, discount rates and the broader market conditions in which the Group operates.	Our procedures, amongst others, included: • Assessment of Management's CGU allocations in order to ensure that they reflect how financial information is reported to the Chief Operating Decision Maker in accordance with AASB 136 *Impairment of Assets*. • Assessment of the Group's cash flow forecasts including consideration of the historical accuracy of previous budgets in comparison to actual results achieved. • Testing the integrity and mathematical accuracy of the value in use discounted cash flow models. • Engaging our valuation experts to assist in assessing the discount rate, revenue growth rate and the terminal growth rate applied. • Performing a sensitivity analysis 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. • Challenging key underlying assumptions, including cash flow forecasts, forecast growth rates, discount rate and terminal value comparing to readily available market data. • Reviewing the market capitalisation of the Group in comparison to the carrying value of the assets. • Evaluating the adequacy of the disclosures relating to intangible assets in the financial report, including those made with respect to judgments and estimates.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Group's financial report for the year ended 30 June 2019, but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's Report, which is expected to be made available to us after that date.

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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

When we read the Chairman's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

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 Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 11 to 21 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Pacific Star Network Limited, for the year ended 30 June 2019, 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

BDO
Tim Fairclough

Tim Fairclough
Partner

Melbourne, 26 September 2019

Directors' Declaration

In the opinion of the Directors of Pacific Star Network Limited

a) the financial statements and notes set out on pages 30 to 76 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 2019 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 2019*;* and

d) the remuneration disclosures included at pages 11 to 21 of the Directors' Report (Audited Remuneration Report) for the year ended 30 June 2019 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, 26 September 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Financial Year Ended 30 June 2019

	Notes	30 June 2019 $'000s	*Restated 30 June 2018 $'000s
REVENUE	**2(a)**	**67,007**	27,915
Sales and marketing expenses		**(20,510)**	(7,620)
Occupancy expenses		**(1,749)**	(1,122)
Administration expenses		**(10,088)**	(2,384)
Technical expenses		**(17,034)**	(11,705)
Production / creative expenses		**(5,197)**	(732)
Impairment costs	**3**	**-**	(838)
Restructuring costs	**3**	**(952)**	(3,362)
Corporate expenses		**(3,179)**	(1,325)
Depreciation and amortisation	**2(b)**	**(2,745)**	(1,638)
Finance costs		**(488)**	(359)
Investments accounted for using the equity method	**12**	**(229)**	(14)
EXPENSES		**(62,171)**	(31,099)
PROFIT / (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS		**4,836**	(3,184)
Income tax expense	**5(c)**	**(1,913)**	(157)
PROFIT / (LOSS) FOR THE YEAR AFTER INCOME TAX FROM CONTINUING OPERATIONS		**2,923**	(3,341)
Profit after income tax expense from discontinued operations	**30**	**529**	422
PROFIT / (LOSS) FOR THE YEAR AFTER INCOME TAX		**3,452**	(2,919)
Other comprehensive income net of tax		**-**	-
COMPREHENSIVE INCOME FOR THE YEAR		**3,452**	(2,919)

** Comparative period was restated for finalisation of provisional accounting of Business combination. Refer note 29.*

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Financial Year Ended 30 June 2019

	Notes	30 June 2019 $'000s	*Restated 30 June 2018 $'000s
EARNINGS PER SHARE FOR PROFIT / (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE OWNERS			
Basic (cents per share)	**20**	**1.44**	(3.20)
Diluted (cents per share)	**20**	**1.39**	(3.20)
EARNINGS PER SHARE FOR PROFIT / (LOSS) FROM DISCONTINUING OPERATIONS ATTRIBUTABLE TO THE OWNERS			
Basic (cents per share)	**20**	**0.26**	0.40
Diluted (cents per share)	**20**	**0.25**	0.40
EARNINGS PER SHARE FOR PROFIT / (LOSS) ATTRIBUTABLE TO THE OWNERS			
Basic (cents per share)	**20**	**1.70**	(2.80)
Diluted (cents per share)	**20**	**1.64**	(2.80)

** Comparative period was restated for finalisation of provisional accounting of Business combination. Refer note 29.*

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 2019

	Notes	30 June 2019 $'000s	*Restated 30 June 2018 $'000s
CURRENT ASSETS			
Cash and cash equivalents	26(a)	4,934	7,981
Trade and other receivables	9(a)	13,850	13,494
Current tax receivable		-	355
Prepayments		2,870	2,287
TOTAL CURRENT ASSETS		21,654	24,117
NON-CURRENT ASSETS			
Property, plant and equipment	10	6,362	4,217
Deferred tax assets	11	736	1,112
Receivables from associate		-	28
Investments accounted for using the equity method	12	938	187
Intangibles	13	39,726	34,390
Other non-current assets		1,375	-
TOTAL NON-CURRENT ASSETS		49,137	39,934
TOTAL ASSETS		70,791	64,051
CURRENT LIABILITIES			
Borrowings	17	101	8,521
Trade and other payables	14	9,416	8,254
Income tax payable		998	-
Deferred revenue		404	-
Provisions	16	1,625	1,912
TOTAL CURRENT LIABILITIES		12,544	18,687
NON-CURRENT LIABILITIES			
Borrowings	17	8,347	-
Deferred tax liability	15	4,637	5,405
Deferred revenue		978	-
Provisions	16	243	203
TOTAL NON-CURRENT LIABILITIES		14,205	5,608
TOTAL LIABILITIES		26,749	24,295
NET ASSETS		44,042	39,756
EQUITY			
Issued capital	18	54,716	54,642
Share-based payment reserve		941	748
Accumulated losses	19	(11,615)	(15,634)
TOTAL EQUITY		44,042	39,756

**Comparative period was restated for finalisation of provisional accounting of Business combination. Refer note 29.*

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 2019

	Notes	Issued Capital $'000s	Share Based Payment Reserve $'000s	*Restated Accumulated Losses $'000s	Total $'000s
TOTAL EQUITY AT 1 JULY 2018		**54,642**	**748**	**(15,634)**	**39,756**
Profit after income tax		**-**	**-**	**3,452**	**3,452**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**3,452**	**3,452**
Transactions with owners in their capacity as owners					
Issue of share capital	**18**	**74**	**-**	**-**	**74**
Transfer of lapsed and exercised share options		**-**	**(567)**	**567**	**-**
Share Based Payments		**-**	**760**	**-**	**760**
TOTAL EQUITY AT 30 JUNE 2019		**54,716**	**941**	**(11,615)**	**44,042**
TOTAL EQUITY AT 1 JULY 2017		21,680	692	(12,715)	9,657
Loss after income tax		-	-	(2,919)	(2,919)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(2,919)	(2,919)
Transactions with owners in their capacity as owners					
Issue of share capital	**18**	32,962	-	-	32,962
Share Based Payments		-	56	-	56
TOTAL EQUITY AT 30 JUNE 2018		54,642	748	(15,634)	39,756

** Comparative period was restated for finalisation of provisional accounting of Business combination. Refer note 29.*

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 2019

	Notes	Inflows / (Outflows) 30 June 2019 $'000s	30 June 2018 $'000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**70,033**	33,434
Payments to suppliers and employees (inclusive of GST)		**(65,256)**	(35,258)
Interest received		**11**	18
Interest and other costs of finance paid		**(488)**	(377)
Income taxes paid		**(960)**	(1,722)
Net operating cash flows provided by/ (used in) operating activities	**26(b)**	**3,340**	(3,905)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired from business combination	**29**	**-**	1,306
Payment for property, plant and equipment	**10**	**(3,358)**	(1,083)
Payment for intangible assets	**13**	**(423)**	-
Payment for the acquisition of AFL Record	**29**	**(2,238)**	-
Payments for the investment in an associate		**(1,000)**	-
Payment for deposit on Radio licences		**(1,375)**	
Proceeds from the disposal of subsidiary	**30**	**1,953**	-
Net cash (used in) / provided by investing activities		**(6,441)**	223
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**74**	10,000
Proceeds from borrowings		**2,800**	-
Repayment of borrowings		**(2,820)**	-
Net cash provided by financing activities		**54**	10,000
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(3,047)**	6,318
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**7,981**	1,663
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26(a)	**4,934**	7,981

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 2019

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 26 September 2019 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 27 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 2019

1. Summary of Significant Accounting Policies Cont'd

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives. Technically obsolete or non-strategic assets that are abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 13. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

1. Summary of Significant Accounting Policies Cont'd

Critical Accounting Judgements and Key Sources of Estimation Uncertainty cont'd

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Employee benefits provision

As discussed in Note 16, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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 2018 Annual Report, except for the new Accounting standards and Interpretations adopted which are listed further below.

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 following Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') have been adopted in the preparation of the 2019 Annual report:

(i) *AASB 9 Financial Instruments and its consequential amendments*

The consolidated entity has adopted AASB 9 Financial Instruments from 1 July 2018, which replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, a new model for calculating the provision of doubtful debts (now termed the expected credit loss allowance) and new hedge accounting requirements.

The consolidated entity has elected to apply the simplified approach to measuring expected credit losses, using the lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. A provision matrix is then determined based on the historic credit loss rate for each group, adjusted for any material expected changes to the future credit risk for that group.

The difference between the credit loss allowances calculated under AASB 9 compared to the incurred loss calculated under AASB 139 is not material to the consolidated entity.

(ii) *AASB 15 Revenue from Contracts with Customers*

The consolidated entity has adopted AASB 15 from 1 July 2018. The consolidated entity recognises 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.

The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expected to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The adoption of AASB 15 has not had a material impact on the timing of revenue recognition and no adjustment has been required in respect of the allocation of revenue between years.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

1. Summary of Significant Accounting Policies Cont'd

New, revised or amending Accounting Standards and Interpretations not yet adopted

The following new standard effective for annual periods beginning after 1 July 2019 and has not been applied in preparing these financial statements:

(iii) *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The consolidated entity has not yet finalised the assessment of the potential financial impact of this standard on the consolidated entity's office lease agreements disclosed in Note 21.

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 intercompany balances and transactions have been eliminated in full.

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

1. Summary of Significant Accounting Policies Cont'd

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

Other than the adoption of AASB 9 Financial Instruments and its consequential amendments and AASB 15 Revenue from Contracts with Customers, 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 2019

2. Profit from Continuing Operations

Profit from continuing operations before income tax includes the following:

a) Revenue from Continuing Activities

	Consolidated 2019 $'000s	Consolidated 2018 $'000s
Revenue from contracts with customers		
Media revenue	**55,411**	24,860
Complementary Services revenue	**11,428**	2,997
	66,839	27,857
Other revenue		
Interest revenue	**12**	14
Other revenue	**156**	44
	168	58
Revenue from continuing operations	**67,007**	27,915

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) Media Revenue

Media revenue is derived from the sale of advertising time or placement of advertising amongst radio, print, television, digital, and in stadium platforms for local and national advertisers. Revenue is recognised when a client's advertisements have been broadcast on the agreed platform or published in a magazine.

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

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 at the time of completion of the commercial or sale.

(ii) 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.

(iii) Interest Income

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

(iv) Cost to obtain a contract

The Group pays sales commission to its employees for new contracts obtained. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions because the amortisation period of the asset that the Group otherwise would have used is one year or less.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

	Consolidated	
	2019 $'000s	2018 $'000s
b) Expenses		
Credit Loss Allowance – trade receivables	**97**	88
Depreciation / amortisation of non-current assets:		
Property, plant and equipment	**938**	568
Low value assets	**30**	-
Borrowing costs	**12**	-
Intangible assets	**1,765**	1,070
Operating lease rental expenses:		
Minimum lease payments – premises	**1,282**	657
Employee benefits expense	**19,550**	9,892
Defined contribution superannuation expense	**1,857**	848
Share-based payments – EEIP	**760**	170

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 2019

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 $0.952 million relating to the various acquisitions conducted during the financial year.

	Consolidated	
	2019 $'000s	2018 $'000s
Impairment of intangibles – customer relationships	**-**	838
Once off restructure and transaction costs	**952**	3,362
Total significant items included in net loss after tax	**952**	4,200

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 2019

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 2019

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 loans. A 1% increase / decrease in loan rates would change trading results by +/- $84,480 (2018: +/- $85,210).

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	
	2019 $'000s	2018 $'000s
Financial Assets		
Cash and cash equivalents	**4,934**	7,981
	4,934	7,981
Financial Liabilities		
Bank loans	**8,448**	8,521
	8,448	8,521
Net exposure	**(3,514)**	(540)

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

b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. 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 loss allowance 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.

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

4. Financial Risk Management Cont'd

b) Credit Risk cont'd

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 capital structure of the Group consists of debt, which includes the borrowings listed in Note 17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The net debt to equity gearing ratio at reporting date was 8% (2018: 1%).

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 $8.448 million of loans owing at reporting date which have a maturity date of 31 August 2021.

The contractual maturity of other financial liabilities of $9.416 million (2018: $8.254 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 2019

4. Financial Risk Management Cont'd

c) Liquidity Risk cont'd

2019	**≤ 6 months $'000s**	**6-12 months $'000s**	**1-5 Years $'000s**	**> 5 years $'000s**	**Total $'000s**
Financial Assets					
Cash & cash equivalents	**4,934**	**-**	**-**	**-**	**4,934**
Trade, other receivables and prepayments	**16,720**	**-**	**-**	**-**	**16,720**
	21,654	**-**	**-**	**-**	**21,654**
Financial Liabilities – Non-Interest Bearing					
Trade & other payables	**(9,416)**	**-**	**-**	**-**	**(9,416)**
Financial Liabilities – Interest Bearing					
Loans - contractual	**(50)**	**(51)**	**(8,347)**	**-**	**(8,448)**
	(9,466)	**(51)**	**(8,347)**	**-**	**(17,864)**
Net maturity	**12,188**	**(51)**	**(8,347)**	**-**	**3,790**

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	(8,521)	-	-	-	(8,521)
	(16,775)	-	-	-	(16,775)
Net maturity	6,987	-	-	-	6,987

d) Fair value of financial instruments

The Group does not have any financial assets or financial liabilities carried at fair value in the current financial year.

The carrying amount of all other financial assets and financial liabilities recorded in the financial statements approximate their fair values.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

	Consolidated	
	2019 $'000s	*Restated 2018 $'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:

	2019 $'000s	2018 $'000s
Profit / (loss) before income tax expense	**5,374**	(2,595)
Income tax expense / (benefit) calculated at 30%	**1,612**	(778)
Non-allowable expenses / assessable income	**346**	1,225
	1,958	447
Income tax – (over) / under provision for prior years	**(35)**	(56)
Income tax expense	**1,923**	391

	2019	2018
b) The applicable weighted average effective income tax rates are as follows	**30%**	30%

	2019 $'000s	2018 $'000s
c) Income tax expense components		
Current year tax	**2,350**	890
Current year temporary differences:		
movement in deferred tax asset	**376**	(184)
movement in deferred tax liability	**(768)**	(259)
Prior year adjustments:		
under provision for income tax	**(35)**	(56)
	1,923	391

	2019 $'000s	2018 $'000s
d) Franking credits	**4,813**	3,871

**Comparative period was restated for finalisation of provisional accounting of Business combination. Refer note 29.*

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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 2019

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	Term-ination Benefits	Total
	$	$	$	$	$	$	$	$
2019	**2,406,469**	**83,548**	**2,490,017**	**127,937**	**724,423**	**-**	**-**	**3,342,377**
2018	1,810,624	23,790	1,834,414	134,519	125,650	11,720	240,958	2,347,261

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 2019

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 cents per share.

(iii) Grant and expiry dates for each option issue are listed below.

(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 nil% (2018: 6.0%).

Risk-free rates used were 1.9% for Tranche 1 and 2.1% for Tranches 2 and 3.

Details of share options issued under the EEIP are as follows:

2019 Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at the end of the year Number	Vested and exercisable at end of the year Number
1 Sep 2015 Issue 11	1 Sep 2018	30 cents	1,000,000	-	(250,000)	(750,000)	-	-
29 Mar 2018 Issue 12, 13 & 14	30 Sep 2022[12]	Nil cents	6,336,405	-	-	-	6,336,405	-
6 Aug 2018 Issue 15	30 Sep 2022[12]	Nil cents	-	513,763	-	-	513,763	-
4 Nov 2018 Issue 16, 17 & 18	30 Sep 2022[12]	Nil cents	-	342,508	-	-	342,508	-
20 Feb 2019 Issue 19	30 Jun 2020	Nil cents	-	100,000	-	-	100,000	100,000
4 Apr 2019 Issue 20	28 Jan 2021	Nil cents	-	200,000	-	-	200,000	-
Total			7,336,405	1,156,271	(250,000)	(750,000)	7,492,676	100,000
Weighted Average Exercise Price			4 cents	Nil	30 cents	30 cents	Nil	Nil

[12] The expiry date of these options is as per the vesting conditions outlined on pages 13-14.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

7. Share-Based Payments cont'd

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

2018 Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at the end of the year Number	Vested and exercisable at end of the year 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 2022 [13]	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	24 cents	nil	nil	nil	4 cents	30 cents

The weighted average remaining contractual life for all outstanding options at the end of the financial year is 1.2 years (2018: 3.0 years).

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

b) Payments for Services

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

8. Remuneration of Auditors

	Consolidated 2019 $	Consolidated 2018 $
Audit and assurance services:		
Audit and review of financial statements	**248,000**	154,000
Other services:		
Taxation services	**38,000**	16,800
Taxation services – acquisition related	**64,100**	-
Total	**350,100**	170,800

[13] The expiry date of these options is as per the vesting conditions outlined on pages 13-14.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

9. Trade and Other Receivables

	2019 $'000s	2018 $'000s
a) Current Receivables		
Trade receivables	**14,175**	13,448
Less expected credit loss (2018: Provision for doubtful debts)	**(325)**	(459)
	13,850	12,989
Other	**-**	505
	13,850	13,494

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any loss allowance. Trade receivables are generally due for settlement within a range of 30 - 120 days.

	2019 $'000s	2018 $'000s
b) Provision for expected credit loss (2018: Provision for doubtful debts)		
Balance at 1 July	**459**	374
Charge for the year	**(37)**	318
Receivables balances written off	**(97)**	(233)
Balance at 30 June	**325**	459

The loss allowance is based on a simplified model of recognising lifetime expected credit loss immediately upon recognition. These provisions are considered representative across all customers based on recent sales experience, historical collection rates and forward-looking information that is available. The amount of the loss allowance is recognised in profit or loss. Where a debt is known to be uncollectable, it is considered a bad debt and is written off.

An adjustment to the provision of $36,912 (2018: $318,650) 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:

Provision for expected credit loss	Expected credit loss rate %	Carrying amount $'000s	Allowances for expected credit losses $'000s
Not overdue	0%	10,028	-
0 to 60 days overdue	0%	481	-
60 to 90 days overdue	0.3%	1,564	4
Over 90 days overdue	17.6%	2,102	321
Balance at 30 June 2019		**14,175**	**325**

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

10. Property, Plant & Equipment

	2019 $'000s				2018 $'000s			
Carrying Amount (at cost)	Studio	Equip-ment	Improv-ments	Total	Studio	Equip-ment	Improv-ments	Total
Balance at start of the year	**4,153**	**3,815**	**2,279**	**10,247**	3,386	1,974	1,298	6,658
Acquired on business combination	**-**	**-**	**-**	**-**	679	1,628	169	2,476
Asset reclassifications	**-**	**-**	**-**	**-**	-	(30)	30	-
Additions	**735**	**460**	**2,163**	**3,358**	88	243	782	1,113
Disposals	**(1,904)**	**(619)**	**(1,050)**	**(3,573)**	-	-	-	-
Balance at end of the year	**2,984**	**3,656**	**3,392**	**10,032**	4,153	3,815	2,279	10,247
Accumulated Depreciation								
Balance at start of the year	**3,016**	**1,938**	**1,076**	**6,030**	2,861	1,719	882	5,462
Disposals	**(1,802)**	**(761)**	**(735)**	**(3,298)**	-	-	-	-
Depreciation expense for the year	**259**	**462**	**217**	**938**	155	219	194	568
Balance at end of the year	**1,473**	**1,639**	**558**	**3,670**	3,016	1,938	1,076	6,030
Net Book Value								
Balance at start of the year	**1,137**	**1,877**	**1,203**	**4,217**	525	255	417	1,197
Balance at end of the year	**1,511**	**2,017**	**2,834**	**6,362**	1,137	1,877	1,203	4,217

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

11. Deferred Tax Assets

	Consolidated 2019 $'000s	Consolidated *Restated 2018 $'000s
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Loss allowance (2018: doubtful debts)	**97**	72
Plant and equipment	**7**	-
Employment provisions	**561**	256
Prepaid subscriptions	**-**	101
Accrued / other expenses	**71**	683
Deferred tax asset	**736**	1,112
Movements		
Balance at 1 July	**1,112**	648
Charge to profit / (loss) for the year	**(376)**	464
Balance at 30 June	**736**	1,112

**Comparative period was restated for finalisation of provisional accounting of Business combination. Refer to note 29.*

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

12. Investments accounted using the equity method

	Consolidated 2019 $'000s	Consolidated 2018 $'000s
Digital Radio Broadcasting Melbourne Pty Ltd	**127**	187
Melbourne United Basketball Club Pty Ltd	**811**	-
	938	187

Recognition and Measurement

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

12. Investments accounted using the equity method cont'd

Investments in Controlled Entities and Associates

Digital Radio Broadcasting Melbourne Pty Limited

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 a decrease in the value of the investment of $0.040 million (2018: $0.014 million) attributable to its share of losses. The Company provided an interest-free loan with no fixed repayment terms. This interest-free loan was fully repaid during the year, with a $nil balance at 30 June 2019 (2018: $28,000).

Information relating to the associate is set out below.

Associate gross assets and liabilities	**2019 $'000s**	2018 $'000s
Current assets	**408**	904
Non-current assets	**440**	449
Total assets	**848**	1,353
Current liabilities	**24**	147
Non-current liabilities	**71**	228
Total liabilities	**95**	375
Net assets	**753**	978
Associate gross revenue, expenses and results		
Revenues	**1,047**	1,186
Expenses	**(1,269)**	(1,265)
Loss for the year before tax	**(222)**	(79)
Share of Loss for the year	**(40)**	(14)

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

12. Investments accounted using the equity method cont'd

Melbourne United Basketball Club Pty Limited

The shareholding in Melbourne United Basketball Club Pty Limited is accounted for using the equity method of accounting and the current shareholding is 25% (2018: nil%). The Company is considered to have significant influence due to its voting rights. For the reporting period, the company recorded no adjustment in the value of the investment attributable to its share of profits / (losses).

Information relating to the associate is set out below.

	Consolidated	
	2019 $'000s	2018 $'000s
Associate gross assets and liabilities		
Current assets	**1,105**	-
Non-current assets	**763**	-
Total assets	**1,868**	-
Current liabilities	**2,511**	-
Non-current liabilities	**118**	-
Total liabilities	**2,629**	-
Net assets	**(761)**	-
Associate gross revenue, expenses and results		
Revenues	**12,170**	-
Expenses	**(12,926)**	-
Loss for the year before tax	**(756)**	-
Share of loss for the year	**(189)**	-

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

13. Intangible Assets

Media	2019 $'000s	*Restated 2018 $'000s
Goodwill – indefinite useful life	**8,358**	8,358
Radio licences - indefinite useful life	**8,169**	8,169
Patents and trademarks – indefinite useful life	**132**	122
Broadcast rights – finite useful life	**9,280**	9,280
Broadcast rights – amortisation	**(1,160)**	(234)
	8,120	9,046
Supplier relationships – finite useful life	**7,437**	7,437
Supplier relationships – amortisation	**(930)**	(185)
	6,507	7,252
Website and computer software – finite useful life	**658**	245
Website and computer software – amortisation	**(176)**	(82)
	482	163
Total Media	**31,768**	33,110
AFL Record		
Brand and distribution rights – indefinite useful life	**7,958**	-
Total AFL Record	**7,958**	-
Publishing		
Mastheads – indefinite useful life	**-**	2,077
Impairment of Inside Football masthead	**-**	(797)
	-	1,280
Customer relationships – finite useful life	**-**	2,959
Customer relationships – amortisation	**-**	(2,121)
Customer relationships – impairment	**-**	(838)
	-	-
Total Publishing	**-**	1,280
Total Intangibles	**39,726**	34,390

*Comparative period was restated for finalisation of provisional accounting of Business combination. Refer to note 29.

a) Reconciliation of net book value

Net Book Value	Goodwill	Brand and distribution rights	Radio licences	Broadcast rights	Supplier relation-ships	Patents and Trade-marks	Mast-heads	Customer relation-ships	Websites and Computer software	Total
Balance at 1 July 2018	**8,358**	**-**	**8,169**	**9,046**	**7,252**	**122**	**1,280**	**-**	**163**	**34,390**
Acquired on business combination	**-**	**7,958**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,958**
Additions	**-**	**-**	**-**	**-**	**-**	**10**	**-**	**-**	**413**	**423**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**(1,280)**	**-**	**-**	**(1,280)**
Amortisation	**-**	**-**	**-**	**(926)**	**(745)**	**-**	**-**	**-**	**(94)**	**(1,765)**
Balance at 30 June 2019	**8,358**	**7,958**	**8,169**	**8,120**	**6,507**	**132**	**-**	**-**	**482**	**39,726**

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

13. Intangible Assets

a) Reconciliation of net book value cont'd

Net Book Value	Goodwill	Brand and distribution rights	Radio licences	Broadcast rights	Supplier relation-ships	Patents and Trade-marks	Mast-heads	Customer relation-ships	Websites and Computer software	Total
Balance at 1 July 2017	-	-	8,169	-	-	122	1,280	1,430	222	11,223
Acquired on business combination	8,358	-	-	9,280	7,437	-	-	-	-	25,075
Amortisation	-	-	-	(234)	(185)	-	-	(592)	(59)	(1,070)
Impairment	-	-	-	-	-	-	-	(838)	-	(838)
Balance at 30 June 2018	8,358	-	8,169	9,046	7,252	122	1,280	-	163	34,390

b) Recognition and Measurement

Intangible assets with an indefinite useful life

Radio licences

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.

Goodwill

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.

Patents and trademarks

Patents and trademarks are not amortised as they are determined to relate to the indefinite useful life of the radio licences.

Brand and distribution rights

Brand and distribution rights is carried at cost. The rights provide the Group access to the usage of the AFL brand for the publication of AFL Record, and access to all stadia where AFL fixtures are held for the sale of the publications. Brand and distribution rights acquired through the purchase of the AFL Publications business have been assessed as having indefinite useful lives. This assessment reflects the purchase agreement which stipulates that the rights to branding and distribution will be ongoing whilst the publication continues to be in circulation. Management's intention is to continue to utilise these rights into the foreseeable future.

Intangible assets with an indefinite useful life are tested for impairment annually and at each reporting date to assess whether there is an indication that the carrying value may be impaired.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

13. Intangible Assets Cont'd

b) Recognition and Measurement cont'd

Intangible assets with a finite useful life

Intangible assets with a finite life such as websites, computer software, supplier relationships, 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
- Computer software – 5 years
- Customer relationships – 10 years
- Supplier relationships – 10 years
- Broadcast rights – 10 years

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the line item 'Depreciation and amortisation'.

c) 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 intangible 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 2019

13. Intangible Assets Cont'd

c) Intangible Asset Impairment cont'd

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

2019	Radio Licences $'000s	Goodwill $'000s	Patents and Trademarks $'000s	Brand and distribution rights $'000s	Mastheads $'000s	Total $'000s
Media	8,169	8,358	132	-	-	16,659
AFL Record	-	-	-	7,958	-	7,958
	8,169	**8,358**	**132**	**7,958**	**-**	**24,617**

2018	Radio Licences $'000s	Goodwill $'000s	Patents and Trademarks $'000s	Brand and distribution rights $'000s	Mastheads $'000s	Total $'000s
Media	8,169	8,358	122	-	-	16,649
Publishing	-	-	-	-	1,280	1,280
	8,169	**8,358**	**122**	**-**	**1,280**	**17,929**

Intangibles are tested annually for impairment at CGU level and the recoverable amount of each CGU has been determined based on the value in use method.

The recoverable amount of the above CGUs has been determined based on value in use calculations, using a discounted cash flow methodology which requires the use of assumptions. The calculations use cash flow projections based on the annual budget and adjusted cash flow forecasts for up to five years. Cash flows beyond the forecast period are extrapolated using the estimated growth rates stated below.

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

Key assumption	Approach
Year 1 cash flows	Based on annual budget.
Year 2 – 5 cash flows	Growth rate of 2%, based on management's forecasts using assumptions around market growth and market share, and taking into account past performances and market trends.
Discount rate	The pre-tax discount rates of 17.8% for Media (2018: 18.3%), and 17.9% for AFL Record reflect the current market assessment of the time value of money, specific risks within the cash flow projections applicable to the indefinite useful life assets within the Media, and the AFL Record CGUs. The discount rates are market driven and is calculated following the input of the following variables: target capital structure, equity beta, market risk premium, risk-free rate of return and debt risk premium.
Terminal growth rate	The terminal growth rate of 1.5% (2018: 1.5%) for the Media CGU, and 0% for the AFL Record CGU have been applied to cash flows beyond the five year projection period.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

14. Current Payables

	Consolidated 2019 $'000s	Consolidated 2018 $'000s
Trade payables	**3,562**	3,238
PAYG payable	**439**	249
GST payable	**535**	937
Other creditors and accruals	**4,880**	3,830
	9,416	8,254

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

	Consolidated 2019 $'000s	Consolidated *Restated 2018 $'000s
Prepayments	**81**	-
Depreciation of broadcast studios	**-**	165
Acquisition of Crocmedia	**4,388**	4,889
Other deductions	**168**	351
	4,637	5,405
Movements		
Balance at 1 July	**5,405**	649
Charge to the profit or loss for the year	**(768)**	(259)
Acquisition of Crocmedia	**-**	5,015
Balance at 30 June	**4,637**	5,405

**Comparative period was restated for finalisation of provisional accounting of Business combination. Refer to note 29.*

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 2019

16. Provisions

	Consolidated 2019 $'000s	Consolidated 2018 $'000s
Employee provisions - current	**1,625**	1,912
Employee provisions – non-current	**243**	203
	1,868	2,115

Recognition and Measurement

Employee benefits provisions

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

17. Borrowings

	Consolidated 2019 $'000s	Consolidated 2018 $'000s
Bank loan - current	**101**	8,521
Bank loan – non-current	**8,347**	-
	8,448	8,521

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

17. Borrowings cont'd

Debt Facility – Background 30 June 2019

At 30 June 2018, Borrowings were 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.

On 31 August 2018, the Group negotiated a new $15.100 million debt facility with the Commonwealth Bank of Australia. This consisted of a $8.000 million loan facility (Facility A), a $6.000 million multi-option facility (Facility B), a $1.000 million asset finance facility (Facility C) and a $0.100 million credit card facility. At 30 June 2019, Facility A was fully drawn down and nil was drawn from Facility B and Facility C.

On 1 November 2018, the Group negotiated a new $0.550 million asset finance facility with the National Australia Bank. The asset finance facility is payable in equal repayments over a 5-year period, with the final repayment due in December 2023.

Debt Maturity

The Company has a $15.100 million facility with the Commonwealth Bank of Australia which expires on 31 August 2021.

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.

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 31 July each year; and
- ASX notices are to be advised within seven days of release to the market.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

18. Issued Capital

Contributed Equity

	2019 No.	2018 No.
Number of shares on issue	**202,941,469**	202,691,469
	$'000s	$'000s
Total amount paid on these shares	**54,716**	54,642

	2019 No.'000s	2019 $'000s	2018 No.'000s	2018 $'000s
Fully Paid Ordinary Share Capital				
Balance at beginning of financial year	**202,691**	**54,642**	70,817	21,680
Issue of shares – EEIP	**250**	**74**	276	62
Issue of shares – DRP	**-**	**-**	-	-
Issue of shares – Placement	**-**	**-**	40,000	10,000
Issue of shares – Scrip Consideration	**-**	**-**	91,598	22,900
Total issued shares during the year	**250**	**74**	131,874	32,962
Balance at the end of the year	**202,941**	**54,716**	202,691	54,642

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.

19. Accumulated Losses

	Consolidated 2019 $'000s	*Restated* 2018 $'000s
Balance at 1 July	**(15,634)**	(12,715)
Net profit / (loss)	**3,452**	(2,919)
Transfer of lapsed and exercised share options	**567**	-
Balance at 30 June	**(11,615)**	(15,634)

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

20. Earnings per Share

Basic and diluted earnings / (loss) per Share

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

Weighted average number of ordinary shares on issue for calculation of:	**2019 No. '000s**	**Restated* 2018 No. '000s
Basic ordinary shares	**202,895**	104,891
Diluted ordinary shares	**209,534**	107,591
	$'000s	$'000s
Continued operations		
Profit / (loss) for the year	**2,923**	(3,341)
Basic earnings / (loss) (cents per share)	**1.44**	(3.20)
Diluted earnings / (loss) (cents per share)	**1.39**	(3.20)
Discontinued operations		
Profit for the year	**529**	422
Basic earnings (cents per share)	**0.26**	0.40
Diluted earnings (cents per share)	**0.25**	0.40
Total operations		
Profit / (loss) for the year	**3,452**	(2,919)
Basic earnings / (loss) (cents per share)	**1.70**	(2.80)
Diluted earnings / (loss) (cents per share)	**1.64**	(2.80)

**Comparative period was restated for finalisation of provisional accounting of Business combination. Refer to note 29.*

Recognition and Measurement

(i) Basic earnings / (loss) per Share

Basic earnings / (loss) per share is determined by dividing the profit / (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 earnings / (loss) per Share

Diluted earnings / (loss) per share adjusts the amounts used in determining basic earnings 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 2019

21. Commitments for Expenditure

	Consolidated 2019 $'000s	Consolidated 2018 $'000s
Less than 1 year	**1,353**	766
Between 1 and 5 years	**4,863**	2,580
Greater than 5 years	**225**	711
	6,441	4,057

The above relate to properties with lease terms between 5 and 8 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 future reporting periods.

The Company has given bank guarantees as at 30 June 2019 of $381,271 (2018: $328,271) to various landlords.

23. Controlled Entities

Entity - Investment in ordinary shares	Country of Incorporation	Ownership Interest 2019 %	Ownership Interest 2018 %
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**	100
Thread Communications Pty Ltd	Australia	**100**	100
Ballpark Entertainment Pty Ltd	Australia	**100**	100
Bravo Management Pty Ltd	Australia	**100**	100
AFL Nation Pty Ltd	Australia	**100**	100
Associate			
Digital Radio Broadcasting Melbourne Pty Ltd	Australia	**18**	18
Melbourne United Basketball Club Pty Ltd	Australia	**25**	-

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

24. Segment Information

The company operates in the Media industry in Australia.

There are three operating segments – media, complementary services, and head office. During the year, the senior management and the Board (the Chief Operation Decision Makers ('CODM')) determined that the broadcasting and publishing segments should be viewed in combination as their main operations are the sale of advertisements across multiple platforms. Complementary services and head office remain consistent with previous segment reporting.

AASB 8 requires operating segments to be disclosed in a manner that reflects the management information reviewed by the 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

Income tax expense is not allocated to operating segments as they are not considered part of the core operations of any segment.

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 2019 $'000s			30 June 2018 $'000s			Total	
	Media[1]	**Complementary**	**Head Office**	Media[1]	Complementary	Head Office	**2019**	2018
Segment Revenue	**55,411**	**11,428**	**168**	24,860	2,997	58	**67,007**	27,915
Underlying EBITDA	**16,350**	**1,904**	**(9,245)**	4,153	396	(1,550)	**9,009**	2,999
Depreciation & Amortisation	**(396)**	**(1)**	**(2,348)**	(424)	-	(1,214)	**(2,745)**	(1,638)
Earnings before interest, tax & significant items	**15,954**	**1,903**	**(11,593)**	3,729	396	(2,764)	**6,264**	1,361
Net finance cost	**(3)**	**(1)**	**(472)**	(14)	(1)	(330)	**(476)**	(345)
Restructuring/ Impairment	**(8)**	**-**	**(944)**	(1,379)	-	(2,821)	**(952)**	(4,200)
Segment profit / (loss) before tax	**15,943**	**1,902**	**(13,009)**	2,336	395	(5,915)	**4,836**	(3,184)

[1] Excludes discontinued operations segment revenue of $0.876 million (2018: $4.933 million) and segment profit before tax of $0.539 million (2018: $0.656 million) recorded through the discontinued operations of Morrison Media.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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. Details of interests in associates and loans due from associates are disclosed in Note 12.

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 $400,000 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	
	2019	2018
	$'000s	$'000s
Lease payments	**39**	454
Lease termination payment	**-**	750
Talent & Consulting services	**400**	100
Total	**439**	1,304

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 2019

26. Note to The Statement of Cash Flows

	Consolidated 2019 $'000s	*Restated 2018 $'000s
a) Reconciliation of Cash		
Cash assets	**4,934**	7,981
b) Reconciliation of Profit / (Loss) after Income Tax to Net Cash flows from Operating Activities		
Net profit / (loss) after income tax	**3,452**	(2,919)
Depreciation and amortisation of non-current assets	**2,745**	1,638
Bad debt expense	**(97)**	-
Intangibles impairment and asset write-off	**-**	838
Share based payments – EEIP	**760**	237
Prepaid advertising revenue from AFL Publications acquisition	**(872)**	-
2018 Season AFL Record profits	**(1,394)**	-
Loss on disposal of non-current assets	**112**	-
Gain on disposal of Morrison Media Services business	**(506)**	-
Loss on investment in associates	**229**	-
(Increase) / decrease in assets:		
- receivables and other	**(923)**	(3,510)
- deferred tax assets	**376**	(184)
Increase / (decrease) in liabilities:		
- payables	**(982)**	91
- provisions	**(145)**	750
- taxation	**1,353**	(587)
- deferred tax liabilities	**(768)**	(259)
Net cash inflows / (outflows) from operating activities	**3,340**	(3,905)

**Comparative period was restated for finalisation of provisional accounting of Business combination. Refer to Note 29.*

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 2019

27. Parent Entity Disclosures

	Parent Entity	
	2019 $'000s	2018 $'000s
Result of the Parent Entity		
Loss for the year after tax	**(4,271)**	(3,308)
Total comprehensive loss for the year	**(4,271)**	(3,308)
Summarised Statement of Financial Position		
Current Assets	**4,752**	4,616
Total Assets	**36,462**	37,798
Current Liabilities	**(595)**	(5,728)
Total Liabilities	**(8,622)**	(5,954)
Net Assets	**27,840**	31,844
Share Capital	**54,716**	54,642
Share Based Payment Reserve	**941**	748
Accumulated Losses	**(27,817)**	(23,546)
Total Equity	**27,840**	31,844

The Company has not provided any guarantees at reporting date (2018: Nil).

There were no contingent liabilities or capital commitments at reporting date (2018: Nil).

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

28. Events subsequent to reporting date

Acquisition of radio licences

On 2 July 2019, the Group signed an agreement to acquire 23 narrowband area radio licences for total cash consideration of $6.875 million with $0.250 million paid in December 2018, a further $0.625 million paid in July 2019, and the balance paid on completion. The licences will transform the Group's radio platform ownership, significantly expanding its radio audience reach and providing opportunity to leverage its extensive content portfolio. The licences cover several regional radio markets as well as Brisbane, Adelaide, Sydney, Perth, Darwin, Alice Springs and Gold Coast.

Acquisition of Rapid TV Pty Ltd and Rapid TV Broadcast Pty Ltd

On 19 July 2019, the Group acquired 100% of Rapid TV Pty Ltd and Rapid TV Broadcast Pty Ltd for a cash consideration of $2.223 million, deferred contingent consideration of up to $0.400 million in cash and an issuance of 600,000 performance rights to acquire the fully paid ordinary shares in the Company. Both the deferred contingent consideration and the exercising of the performance rights are subject to the achievement of performance targets during the first twelve months following acquisition.

Rapid TV provides live satellite and internet-based vision transfer services through state-of-the-art facilities, in Australia and internationally and will integrate seamlessly with the Group's Rainmaker division providing dedicated television production services to both broadcasters and brands, including production, filming, editing, talent sourcing and delivery.

An amount of $0.034 million has been recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the significant costs line item relating to once-off legal, due diligence, corporate advisory and independent report costs.

Due to the proximity of the acquisition to the release of the financial statements, the acquisition accounting has not been finalised at the date of the release of the 30 June 2019 annual report. As such, it is impractical at this stage to include other disclosures in relation to the business combination such as purchase price accounting including the fair value of net assets acquired, any associated goodwill or intangibles, and the amount of revenue and profit or loss of Rapid Media post acquisition.

Acquisition of Precision Talent Management Business

On 21 August 2019, the Group signed an agreement to acquire 100% of the business assets in Precision Talent Management Pty Ltd for a total consideration of $1.000 million. The purchase price was funded through 50% existing cash reserves and 50% PNW scrip.

Precision aligns with the Group's 'Whole of Sport' offering, representing over 80 past and present AFL and AFLW players and coaches, cricketers and other media talent.

Due to the proximity of the acquisition to the release of the financial statements, the acquisition accounting has not been finalised at the date of the release of the 30 June 2019 annual report. As such, it is impractical at this stage to include other disclosures in relation to the business combination such as purchase price accounting including the fair value of net assets acquired, any associated goodwill or intangibles, and the amount of revenue and profit or loss of Precision Talent Management post acquisition.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

29. Business Combination

Crocmedia

For 30 June 2018, this business combination had initially been accounted for on a provisional basis in accordance with AASB 3 Business Combinations. Therefore, the fair value of assets acquired, liabilities and contingent liabilities assumed were initially estimated by the Group, taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and therefore may have an impact on the assets and liabilities, depreciation and amortisation reported.

The Group has finalised the accounting for this business combination and in doing so recognised Supplier Relationships as intangible assets. As noted above the finalised accounting is retrospective and therefore the adjustment impacts the 30 June 2018 financial year.

Set out below is the impact to finalisation of the provisional accounting based on the 30 June 2018 financial statements.

Adjustments to the 30 June 2018 consolidated statement of profit or loss and comprehensive income:

	(Loss) before income tax $'000s	Tax (expense) / credit $'000s	Net (loss) for year $'000s
Provisional accounting basis	**(2,595)**	**(391)**	**(2,986)**
Adjustments to finalise provisional accounting:			
Amortisation – supplier relationships	(185)	-	(185)
Amortisation – broadcasting contracts	252	-	252
Post provisional accounting adjustments	**(2,528)**	**(391)**	**(2,919)**

Details of the original purchase consideration terms, fair value of the net assets acquired as recorded on the provisional basis and the final position as impacting the fair value of net assets acquired, and intangible assets are as follows:

	Provisional Fair Value $'000s	Movement $'000s	Final Fair Value $'000s
Cash and cash equivalents	1,306	-	1,306
Trade and other receivables	5,741	-	5,741
Prepayments	1,903	-	1,903
Property, plant and equipment	2,476	-	2,476
Borrowings	(2,771)	-	(2,771)
Trade and other payables	(5,849)	-	(5,849)
Deferred revenue	(242)	-	(242)
Provisions	(135)	-	(135)
Deferred tax asset	-	280	280
Income tax receivable	-	131	131
Net Identifiable Assets Acquired	**2,429**	**411**	**2,840**

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

29. Business Combination cont'd

Goodwill arising on the acquisition was as follows:

	Provisional $'000s	Movement $'000s	Final $'000s
Purchase consideration – shares issued	22,900	-	22,900
Less: Fair value of net identifiable assets acquired	(2,429)	(411)	(2,840)
Less: Fair value of intangible contracts acquired	(9,280)	(7,437)	(16,717)
Add: Deferred tax liability – on intangibles	-	5,015	5,015
Goodwill arising on acquisition	**11,191**	**(2,833)**	**8,358**

AFL Record

On 27 July 2018, the Group acquired 100% of AFL Publications business for a purchase price of $8.100 million, comprising of $5.850 million cash less working capital adjustments of $0.244 million and $2.250 million prepaid advertising to be retained by the AFL.

The acquisition complements the Group's broader suite of AFL assets including its flagship "AFL Nation" game-day broadcast and provides further opportunities to integrate brand partners across multiple touchpoints to connect with footy and sports fans.

During the year ending 30 June 2019, the provisional accounting for the acquisition of the AFL Publications business was finalised. Details of the purchase consideration, and finalised fair values of the net assets acquired and goodwill at the date of acquisition are as follows:

	$'000s
Fair Value of assets and liabilities assumed at the date of acquisition:	
Employee provisions	(102)
Deferred advertising	(2,250)
Net identifiable liabilities acquired	(2,352)
Brand and distribution rights intangible asset	7,958
Purchase consideration	**5,606**

	30 June 2019 $'000s
Settlement of purchase consideration	
Cash paid	2,238
First settlement instalment (offset profits retained by the AFL)	1,394
Trade and other payables – deferred consideration	1,974
	5,606

An amount of $0.140 million has been recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the significant costs line item relating to once-off legal, due diligence, corporate advisory and independent report costs.

The acquired business contributed revenues of $6.846 million and net profit after tax of $2.269 million for the eleven months since acquisition. Had the business combination occurred as of the beginning of the reporting period, the results would not have been materially different.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

30. Discontinued Operations

On 13 September 2018, the Group sold 100% of the Morrison Media Services Pty Ltd business which created the Frankie Press and Smith Journal publications. Total sale consideration was $2.400 million less working capital adjustments with 70% payable on completion ($1.233 million received) and 30% on 28 June 2019 ($0.720 million received). The proceeds of sale exceeded the carrying amount of the related net assets and, accordingly, a profit on sale was recognised.

The disposal aligns with the Group's strategic direction focusing on sport related content and complementary assets.

The disposal was completed on 13 September 2018, on which date control of the Frankie Press and Smith Journal operations passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of profit on disposal, are disclosed below.

	30 June 2019 $'000s
Details of the Disposal	
Total sale consideration	**2,400**
Carrying amount of net assets disposed	**(1,525)**
Disposal costs	**(369)**
Profit on sale before income tax	**506**
Income tax expense	**-**
Profit on sale after income tax	**506**
Carrying amounts of assets and liabilities disposed	
Inventories	**81**
Property, Plant and Equipment	**164**
Intangibles	**1,280**
Total Assets	**1,525**
Net Assets	**1,525**

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

30. Discontinued Operations cont'd

	30 June 2019 $'000s	30 June 2018 $'000s
Cash flow information		
Net increase in cash from operating activities	**86**	506
Net increase / (decrease) in cash from investing activities	**1,953**	(115)
Net (decrease) / increase in cash from financing activities	**(2,587)**	-
Net (decrease) / increase in cash and cash equivalents from discontinued operations	**(548)**	391

Financial performance information

Revenue	**879**	4,938
Sales and marketing expenses	**(132)**	(661)
Occupancy expenses	**(15)**	(93)
Administration expenses	**(510)**	(753)
Technical expenses	**(76)**	(84)
Restructuring costs	**(92)**	(27)
Production / creative expenses	**-**	(2,586)
Depreciation and amortisation	**(21)**	(78)
Total Expenses	**(846)**	(4,282)
Profit before income tax expenses	**33**	656
Income tax expense	**(10)**	(234)
Profit after income expense	**23**	422
Profit on disposal before income tax expense	**506**	-
Income tax expense	**-**	-
Profit on disposal after income tax expense	**506**	-
Profit after income tax expense from discontinued operations	**529**	422

Additional Securities Exchange Information
as at 19 September 2019

Number of Holders of Equity Securities

Ordinary Share Capital

202,941,469 fully paid ordinary shares held by 693 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

7,492,676 share options are held by 9 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	143	-
1,001 - 5,000	286	-
5,001 - 10,000	102	-
10,001 - 100,000	118	1
100,001 - and over	44	8
Total Holders	**693**	**9**
Holdings with less than a marketable parcel	**221**	**-**

Substantial Shareholders

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

Ordinary Shareholders	Fully Paid Ordinary Shares	% of Issued Capital
Viburnum Funds Pty Ltd	49,852,833	24.57
Craig Hutchison Media Pty Ltd	49,410,736	24.35
Chase Properties & Development Pty Ltd	26,424,217	13.02
Tosca Boxer Pty Ltd	20,109,998	9.91
Total	**145,797,784**	**71.85**

Additional Stock Exchange Information Cont'd

as at 19 September 2019

Twenty Largest Holders of Quoted Equity Securities

Rank	Name	Units	% of Units
1.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	49,852,833	24.57
2.	CRAIG HUTCHISON MEDIA PTY LTD	49,410,736	24.35
3.	CHASE PROPERTIES & DEVELOPMENT PTY LTD	26,424,217	13.02
4.	TOSCA BOXER PTY LTD <THE HALL FAMILY TRUST>	20,109,998	9.91
5.	RADIO 3AW MELBOURNE PTY LIMITED	7,932,357	3.91
6.	LEISA GIANNOPOULOS	7,834,638	3.86
7.	YARRAGENE PTY LTD <YENZIK NO 1 A/C>	5,283,003	2.60
8.	KARAPHONE PTY LTD	3,977,133	1.96
9.	MRS JODIE SIMM	3,926,354	1.93
10.	COWOSO CAPITAL PTY LTD <THE COWOSO S/F A/C>	3,000,000	1.48
11.	QUATTROVEST PTY LTD	2,868,596	1.41
12.	AMANDA HENDERSON <HENDERSON FAMILY A/C>	2,347,913	1.16
13.	LORDS FURNITURE PTY LTD <BILL GUEST FAMILY S/F A/C>	1,400,000	0.69
14.	KEMBLA NO 20 PTY LTD <J SHUSTER RETIRE FUND A/C>	1,343,750	0.66
15.	MAXIPOP PTY LTD <MAXIPOP SUPERFUND A/C>	1,000,000	0.49
16.	QUATTRO HOLDINGS PTY LTD <QUATTRO INVESTMENT #2 A/C>	883,575	0.44
17.	VIVRE INVESTMENTS PTY LTD	875,000	0.43
18.	JAMES SWANWICK	822,416	0.41
19.	TREVISM PTY LTD <TREVISM FAMILY A/C>	800,000	0.39
20.	MRS TRACEY LEE CUNNINGHAM <THE AVEBURY FAMILY A/C>	775,115	0.38
Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**190,867,634**	**94.05**
Total Remaining Holders Balance		**12,073,835**	**5.95**

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Pacific Star
Network

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AFL RECORD

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Ball Park ENTERTAINMENT

BRAVO MANAGEMENT

RAINMAKER.

PRECISION SPORTS ENTERTAINMENT GROUP