

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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## Chairman's Report

Dear Shareholders,

During the year we celebrated 10 straight years of ratings dominance in the Sydney market when 2GB recorded its 80th consecutive survey win. This unprecedented achievement is a tribute to all of our on-air teams and presenters led by Alan Jones and Ray Hadley who for their own programs recorded 83rd and 80th consecutive wins respectively. But all teams are deserving of recognition for their part in achieving this milestone. Each of them consistently rates at, or very close to, number one in their time slot and that is as evident today as it has been any time during the last ten years.

Matching 2GB's ratings performance with financial performance however proved more difficult, largely as a result of disappointing operating revenues which fell short of prior year levels. A comprehensive review of our sales and marketing strategies and practices was commenced in the last quarter of 2013/14 and as we start to implement changes we are now seeing positive signs of a return to revenue growth, and particularly in agency revenues. We will continue to evolve our sales approach in an increasingly competitive landscape. Revenue growth through increased market share is a primary focus and will be assisted by increasing recognition by marketers and agencies of the marketing value of our stations' middle aged audience.

I thank all shareholders for your continued support and look forward to delivering earnings growth in 2014/15.



**Russell Tate**

The Board of Directors ("the Board") of Macquarie Radio Network Limited ("the Company") is committed to responsible corporate governance. In accordance with the Australian Securities Exchange Limited Corporate Governance Council's *Corporate Governance Principles and Recommendations* ("the Recommendations"), the Board has established a sound framework of corporate governance practices that it considers appropriate for the Company. The Board recognises that it is accountable to shareholders for the performance of the Company and, to that end, is responsible for instituting a system of corporate governance that operates in the best interests of shareholders while also addressing the interests of other key stakeholders.

The Board considers the Company's corporate governance practices are consistent with the Recommendations. However, the Board recognises that the full adoption of the Recommendations may not be practical or appropriate given the particular circumstances of the Company. Where the Company's current practices do not comply with the Recommendations, the differences are identified in this Statement.

This Statement describes the Company's main corporate governance practices in place during 2014.

## **BOARD OF DIRECTORS**

The Board guides and monitors the performance and management of the Company on behalf of the shareholders, by whom it is elected and to whom it is accountable.

### **Board role and responsibility**

The principal responsibilities of the Board include:

- contributing to the development and implementation of corporate strategy;
- monitoring the corporate and financial performance of the Company;
- approving the Company's financial reporting including annual and half-year reports;
- appointing Board members and the Chief Executive Officer;
- delegating clear responsibility and authority to the committees of the Board, the Chief Executive Officer and management;
- monitoring and reviewing the performance of those who hold delegated powers;
- monitoring and reviewing processes and systems of risk management and internal compliance and control;
- overseeing the Company's corporate governance framework;
- overseeing the Company's processes for disclosure and communications; and
- reviewing and authorising major investments.

During the 2014 financial year, the Board delegated responsibility for the day-to-day management and administration of the Company principally to the Chairman of the Company, working with the senior management team. The Recommendations recommend the roles of Chair and Chief Executive Officer should not be exercised by the same individual. Notwithstanding the Recommendations, the existing management structure is considered appropriate for the Company at its current size and stage of growth.

### **Composition of the Board**

The Company seeks to have a Board comprising Directors with relevant knowledge, experience and expertise to deal with the current and emerging issues of the business, to review and challenge the performance of management, and to exercise independent judgment.

The Board currently comprises five Directors, including the Chairman.

Details of the background and particular expertise of each Director is set out on page 9.

The Recommendations recommend that a majority of the Board be independent. In summary, a Director is considered to be independent if he/she is not a member of management and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder;
- is not, and has not in the last three years been, a principal of a material professional adviser or a material consultant to the Company;
- is not associated with a material supplier or customer of the Company;
- has no material contractual relationship with the Company; and
- does not have any interest or business relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Materiality for these purposes is assessed on a case-by-case basis having regard to the Company and the relevant Director's circumstances, including the significance of the relationship to the Director in the context of their activities as a whole.

Having regard to these criteria, there are two Non-executive Directors who are independent (Maureen Plavsic and Max Donnelly). Two Non-executive Directors (Jack Singleton and Kate Thompson) and one Executive Director (Chairman Russell Tate) are considered non-independent.

The Recommendations also recommend that the Chairman be an independent Director. The Chairman, Russell Tate, is not considered by the Board to be independent.

Notwithstanding the Recommendations, the existing Board structure is considered appropriate for the Company at its current size and stage of growth.

#### **Nomination and appointment of new Directors**

It is the responsibility of the Nomination and Remuneration Committee to formulate procedures and policies for the selection, appointment and remuneration of new Directors. The Committee is also responsible for reviewing the performance of the Board, its committees and individual Directors.

Where the Board determines there is a need to appoint a Director, whether due to the retirement of a Director, growth of the Company, or changed circumstances of the Company, the Nomination and Remuneration Committee has responsibility for proposing candidates for consideration by the Board. Where appropriate, the services of external consultants may be engaged.

#### **Retirement and re-election of Directors**

In accordance with the Company's Constitution, one third of the Board (other than the Managing Director or Chief Executive Officer) must stand for re-election on a rotational basis at each Annual General Meeting. All retiring Directors are eligible for re-election.

The Company does not have a policy in relation to the retirement or tenure of Directors. The Board believes that maintaining flexibility in relation to the appropriate term for each Director allows it to attract and retain Directors of the highest standard with the most appropriate skills and experience.

The Board does not consider that any existing Director has served on the Board for a period which could materially interfere with their ability to act in the best interests of the Company.

#### **Independence of Directors**

Directors have an overriding responsibility to perform their duties in the best interests of the Company. Directors are required to disclose, on an ongoing basis, any interest that could potentially conflict with those of the Company. In accordance with the Corporations Act 2001, any Director with a material personal interest in a matter being considered by the Board must declare the possible conflict of interest. They must not be present when the matter is being considered and may not vote on the matter.

#### **Operation of the Board**

The Board and its committees meet regularly to review strategies and operational performance. The Chairman and senior management communicate regularly to discuss issues relating to the business and to set Board agendas. In addition, Directors receive regular updates from management on key issues between Board meetings.

**Board access to information and independent advice**

Directors have unrestricted access to Company records and information, and receive regular detailed financial and operational reports from management.

Individual Directors and Board committees may seek independent professional advice at the Company's expense in order to assist them in carrying out their duties. The process for obtaining such advice requires the Director to notify the Chairman in advance. The Chairman will be provided with a copy of the final advice which may, if appropriate, be circulated to the other Directors.

**BOARD COMMITTEES**

To assist in the effective execution of its responsibilities, the Board has established the following committees:

- Audit Committee; and
- Nomination and Remuneration Committee.

The general role of the Board committees is to review and analyse policies and strategies that are within their respective areas of responsibility. The Board committees may not take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so. The role of each committee is described in more detail below.

**Audit Committee**

It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. The Audit Committee currently comprises the following Directors:

Max Donnelly	Committee Chairman
Russell Tate	Executive Chairman

The role of the Audit Committee is to monitor and review the effectiveness of the Company's controls in the areas of operational and statement of financial position risk, legal and regulatory compliance, and financial reporting. The Audit Committee discharges these responsibilities by:

- overseeing the existence and maintenance of internal controls and accounting systems;
- overseeing the management of risk within the Company;
- overseeing the financial reporting processes to ensure compliance with statutory requirements and accounting standards;
- reviewing the annual and half year financial reports and recommending them for approval by the Board;
- reviewing and making recommendations to the Board regarding the appointment or dismissal of external auditors;
- reviewing the performance of the external auditors and existing audit arrangements;
- overseeing the processes used by management to ensure compliance with laws, regulations and other statutory or professional requirements;
- reviewing, annually, the requirement for an internal audit function; and
- providing written advice to the Board, endorsed by a resolution of the Committee, that the Committee is satisfied that the provision of non-audit services by the auditor during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Audit Committee is required to meet at least twice a year. Additional meetings may be held as the work of the Committee demands. Members of management and the external auditors attend meetings of the Audit Committee by invitation. The Committee assesses annually the performance of the auditor, as well as the relationships between the external auditor and the Company, to ensure independence is maintained.

**Nomination and Remuneration Committee**

The Nomination and Remuneration Committee currently comprises the following Directors:

Maureen Plavsic	Committee Chairman, Non-executive Director
Russell Tate	Executive Chairman
Jack Singleton	Non-executive Director

The Nomination and Remuneration Committee is responsible for matters relating to succession planning, recruitment and the appointment and remuneration of the Directors and the Chief Executive Officer. It is also responsible for overseeing succession planning, selection and appointment practices and remuneration packages for senior management and employees of the Company. The objectives of the Committee include:

- reviewing, assessing and making recommendations to the Board on the desirable competencies of the Board;
- assessing the performance of the members of the Board;
- overseeing the selection and appointment practices for Non-executive Directors and senior management of the Company;
- developing succession plans for the Board and overseeing the development of succession planning in relation to senior management; and
- assisting the Board in determining appropriate remuneration policies.

The Committee is required to meet at least twice a year. Additional meetings may be held as the work of the Committee demands. Senior management may be invited to the Committee meetings to provide input on management performance and salary packages.

**CORPORATE CONDUCT AND RESPONSIBILITY**

The Company seeks to maintain a high standard of ethical behaviour to ensure that its business is conducted with integrity, honesty and fairness at all times.

**Continuous disclosure and shareholder communication**

The Company is committed to providing timely, open and accurate information to shareholders and the market in general.

The Board is committed to keeping shareholders fully informed of all major developments affecting the Company by:

- preparing detailed half-yearly and annual financial reports, and making these available to all shareholders;
- informing shareholders of the key issues affecting the Company; and
- holding an Annual General Meeting which enables shareholders to ask questions of the Board.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. The Company's management and auditors attend the Annual General Meeting to answer questions of shareholders as required.

The Company has developed a corporate website to enable broader access to Company information by shareholders and stakeholders. Amongst other things, the website will contain all relevant announcements made to the market, and related information (e.g. information provided to analysts or media during briefings) after they have been released to the ASX.

**Share trading policy**

In addition to the provisions of the Corporations Act 2001 which apply to all employees, the Company has developed specific written guidelines that prohibit Directors and employees (collectively referred to as "Designated Officers") from acquiring, selling or otherwise trading in the Company's shares while in possession of information about the Company that is not in the public domain and is price sensitive. Price sensitive information is information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Under the guidelines, Designated Officers must not deal in the Company's securities at any time if they are in possession of unpublished price sensitive information in relation to those securities.

Designated Officers may only deal in the Company's securities in the following circumstances:

- from not less than one full trading day after, to a maximum of 30 days after, the Company's half-year results announcement, full year results announcement and the Company's Annual General Meeting;
- where the securities are offered under the Company's dividend reinvestment plan or an approved executive or employee share plan;
- to take up entitlements under a rights issue or other offer;
- for the purposes of participating in any share buy-back;
- undertakings to accept, or the acceptance of, a takeover offer; or
- where otherwise required by law or the order of any court or regulatory authority.

Designated Officers may deal in the Company's securities outside the designated trading windows specified above where neither the Designated Officers nor the Company are in possession of unpublished price sensitive information in relation to those securities, and the Designated Officer obtains the approval of:

- the Chairman (where the Designated Officer is a Director or an employee); or
- the Company Secretary (where the Designated Officer is the Chairman).

Any Designated Officer who deals in the Company's securities must notify the Company Secretary (or in the case of dealings by the Company Secretary, the Chairman) once the dealing has occurred. The obligation to notify will not apply to dealings under the dividend reinvestment plan or an approved executive or employee share plan. Prohibitions on dealing in securities apply not only to the acquisition and disposal of shares, but also to acquiring, taking, assigning and releasing of options traded in the options market.

**RISK MANAGEMENT**

The Board has in place a number of arrangements and internal controls intended to identify, assess, monitor and manage areas of significant business risk. These include the maintenance of:

- Board committees;
- appropriate policies and procedures that are widely disseminated to, and understood by, employees;
- detailed and regular budgetary, financial and management reporting;
- clearly defined management responsibilities, organisational structures, and strong management reporting systems;
- external audit functions; and
- comprehensive insurance programs.

Management is ultimately responsible to the Board for the Company's system of internal control and risk management. The Audit Committee assists the Board in monitoring this function.

The Executive Chairman and Chief Financial Officer annually provide a formal statement to the Board that in all material respects and to the best of their knowledge and belief:

- The Company's financial reports present a true and fair view of the consolidated entity's financial condition and operation results and are in accordance with relevant accounting standards; and
- The Company's risk management and internal control systems are sound, appropriate and operating efficiently and effectively.

**GENDER DIVERSITY**

The Company is focusing on maintaining an appropriate level of diversity across all levels of its workforce. The Company's actions will be guided by maintaining its current high standard of competence and performance. The levels of gender diversity as at 30 June 2014 are set out below:

<b>Gender Diversity</b>	<b>30 Jun 14 Male</b>	<b>30 Jun 13 Male</b>	<b>30 Jun 14 Female</b>	<b>30 Jun 13 Female</b>
Total employees	54%	57%	46%	43%
Senior Managers	67%	75%	33%	25%
Board	60%	67%	40%	33%

The Board has set a target to maintain a strong level of gender diversity across the Group. It is the responsibility of the Nomination and Remuneration Committee to review on an annual basis the objectives in relation to achieving gender diversity and to measure the achievement of these objectives.

**REMUNERATION POLICIES AND PROCEDURES****Objectives and policies**

The Company has established processes to ensure that the level and composition of remuneration are sufficient, reasonable, and explicitly linked to performance. The objectives of the Company's remuneration policies are to attract, motivate and retain appropriately qualified and experienced executives and other employees capable of discharging their respective responsibilities to enable the Company to achieve its business strategy.

**Remuneration structure**

The Nomination and Remuneration Committee is primarily responsible for the review and making of recommendations in relation to issues that impact executive remuneration and development, including remuneration packages and other terms of employment for Directors.

**Non-executive Directors**

The Nomination and Remuneration Committee is responsible for recommending to the Board fees applicable to Non-executive Directors. Directors are remunerated at market rates for their services to the Company. Non-executive Directors are paid a fixed annual fee for their services.

**Executive Directors and Management**

The Nomination and Remuneration Committee is responsible for recommending to the Board remuneration policies, fees, salaries, short-term and long-term incentives applicable to Executive Directors and senior management of the Company.

The remuneration policies are designed to drive a performance culture, and to ensure that the way in which employees are recognised and rewarded through remuneration is in the best interests of the shareholders, the Company and the individual. The remuneration policies achieve this by:

- providing remuneration that is market competitive to ensure the Company has the ability to retain and motivate strong performing employees and attract high calibre employees;
- implementing an incentive scheme to ensure the most senior executive remuneration is linked to both individual performance and Company performance; and
- undertaking an annual evaluation process on the performance of all executives, the results of which contribute to the determination of any salary adjustment an individual executive may receive.

**Incentive plans**

Full details of the benefits and remuneration for Executive and Non-executive Directors are set out in the Remuneration Report.



**Russell Tate** *Executive Chairman*

Russell has over 30 years experience in senior executive and consulting roles in marketing and media. He was CEO of ASX listed STW Communications Group Limited, Australia's largest marketing communications group, from 1997 to 2006, Executive Chairman from 2006 to 2008 and Deputy Chairman (non-executive) from 2008 to 2011. He is currently Executive Chairman of Collins Foods Limited which operates the food service outlets Sizzler in Australia and KFC in Queensland. During the past three years Russell has been a director of Collins Foods Limited (since 2011), One Big Switch Pty Ltd (since 2012), STW Communications Group Limited (1994 to 2011) and Waratahs Rugby Limited (2009 to 2011). Russell holds a Bachelor of Commerce (Econ.) from the University of New South Wales.

**Robert Loewenthal** *Company Secretary and Managing Director (resigned 28 March 2014)*

Robert was appointed Chief Financial Officer of the Macquarie Radio Network in October 2006. On 18 February 2010 he was appointed Company Secretary and Chief Operating Officer. On 15 March 2012 he was appointed as Managing Director and also as a member of the Board of Directors. Before joining MRN, Robert was the Financial Controller of VIVAS Health Ireland. Before joining VIVAS Health, Robert worked for KPMG in Sydney. Robert is a Chartered Accountant and holds a Bachelor of Commerce degree from Sydney University. Robert resigned from his position at MRN on 28 March 2014.

**Max Donnelly** *Non-executive Director*

Max is currently Chairman of the Audit Committee. Max is a consultant of Ferrier Hodgson, one of Australia's leading turnaround, insolvency and reconstruction management groups. Max has been involved in insolvency, turnaround consulting and litigation support for over 30 years. Max is a Chartered Accountant and holds a Bachelor of Commerce from the University of New South Wales.

**Maureen Plavsic** *Non-executive Director*

Maureen joined Macquarie Radio Network Limited as a Director in April 2005 bringing with her considerable and broad experience in the media industry. She is currently Chair of the Nomination and Remuneration Committee for MRN. Maureen has over 25 years experience in marketing and media, including 14 years in various executive roles at the Seven Network, where she was also a Board member for five years. Her roles at the Seven Network included Chief Executive Officer of Broadcast Television and prior to that Director of Sales and Corporate Marketing. During the past three years, Maureen has been a director of Pacific Brands Limited (2004 to 2011), a Trustee of the National Gallery of Victoria and a Director of Bestest, a not for profit organisation that raises money for distribution to various children's charities.

**Jack Singleton** *Non-executive Director*

Jack has 25 years experience in advertising and marketing. Jack is a director and shareholder of his own advertising agency and has also founded three additional successful businesses in the online marketing, telecommunications, and online retail categories.

**Kate Thompson** *Non-executive Director*

Kate is the Chief Operating Officer and Chief Legal Counsel at M.H. Carnegie & Co, and has more than 15 years of experience in law, specialising in corporate mergers and acquisitions. She was formerly Director, Legal Counsel and Head of Compliance at Australian investment bank, Lazard. She joined Lazard following Lazard's acquisition of Carnegie, Wylie & Company in 2007. At Carnegie, Wylie & Company, Kate worked as Legal Counsel, including providing in-house legal services to STW Communications Group Ltd. Kate is a director of Banjo Advertising, Manboom and a number of investee companies. Kate holds an LLB (Hons) from Bond University, Queensland.

**Lisa Young** *Company Secretary (appointed 28 March 2014)*

Lisa was appointed Financial Controller of Macquarie Radio Network in April 2011 and progressed to the role of Chief Financial Officer in July 2013. On 28 March 2014 she was appointed Company Secretary. Before joining MRN, Lisa held financial positions in a number of media organisations in the United Kingdom including Daily Mail and General Trust plc and British Sky Broadcasting Group plc. Prior to this Lisa worked for PricewaterhouseCoopers in Brisbane. Lisa is a Chartered Accountant and holds a Bachelor of Commerce and a Bachelor of Arts degree from the University of Queensland.

Your Directors submit their report on the consolidated entity (referred to hereinafter as the 'Group' or the 'consolidated entity') consisting of Macquarie Radio Network Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014.

**DIRECTORS**

The following persons were Directors of Macquarie Radio Network Limited during the financial year and up to the date of this report:

Russell Tate  
Robert Loewenthal (resigned 28 March 2014)  
Maureen Plavsic  
Max Donnelly  
Jack Singleton  
Kate Thompson

Refer to Directors details on page 9.

**PRINCIPAL ACTIVITIES**

The consolidated entity operates in radio and associated media activities in a sole geographical location being Australia. No significant change in the nature of these activities occurred during the year.

**OPERATING AND FINANCIAL REVIEW*****Group overview***

The Group owns and operates Sydney commercial radio stations 2GB and 2CH and eight stations based in regional Queensland (Macquarie Regional Radio). The Group also owns a public relations agency, Map and Page, and produces digital and online media through its websites.

***Group financial performance***

Total revenues and other income of \$56.934 million were 6% behind prior year. Operating revenues were down 2% on the prior year. The prior year included one-off net revenues totalling \$3.108 million from net royalty income and the reversal of a deferred acquisition provision relating to the purchase of Smart Radio Network.

Reported Earnings before Interest, Tax and Depreciation and Amortisation (EBITDA) of \$10.375 million represents a 27% decrease on the previous corresponding period. Underlying EBITDA, which excludes \$3.108 million one-off revenue and MTR residual costs of \$0.271 million in the prior year, decreased by 7% to \$10.493 million. The underlying position was largely a result of disappointing operating revenues, despite a 2% increase in the Sydney radio market.

The Group's net assets decreased by 9% compared with the previous year, which is largely attributable to the current year's profit after tax and increased dividends paid to shareholders in the current year. Compared with the prior year, the Group's borrowings increased by 7% to \$14.750 million with undrawn debt facilities of \$10.250 million.

The net cash inflows generated by operating activities of \$8.296 million represent a 31% decrease on the prior year. This reflects the receipt of one-off royalty revenue in the prior year and increased tax payments in the current period.

***Strategy and future performance***

The broad areas of strategic focus for future financial years will be:

- Continue to drive improved returns from the Group's core radio broadcasting operations.
- Maintain the Group's strong market presence and lead in the Sydney ratings.
- Engage emerging distribution channels that facilitate the syndication of existing and new content.

The material financial risks faced by the Group, and how the Group manages these risks, include:

- Significant decline in ratings – given our strong market position, any significant downturn in ratings could potentially impact our advertising revenue and our financial results. We address this risk by employing well known and professional presenters.
- Non-compliance with media regulation - this risk is addressed by conducting regular training.

To the extent that the disclosure of information regarding likely developments in the activities of the consolidated entity in future financial years and the expected results of those activities is likely to result in unreasonable prejudice to the consolidated entity, it has not been disclosed in this report.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in the state of affairs of the consolidated entity occurred during the financial year.

### SHARE OPTIONS

At the date of this report, there are 2,800,000 unissued shares for which options are outstanding. These options comprise options issued in May 2013 and are held by Hadiac Pty Limited, a company associated with radio presenter Alan Jones.

### MEETINGS OF DIRECTORS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors during the financial year were as follows:

	Directors' Meetings		Audit Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Russell Tate	6	6	2	2	3	3
Maureen Plavsic	6	6	-	-	3	3
Max Donnelly	5	6	2	2	-	-
Robert Loewenthal	4	4	-	-	-	-
Jack Singleton	6	6	-	-	3	3
Kate Thompson	4	6	-	-	-	-

### Notes:

A = number of meetings attended.

B = number of meetings held during the time the Director held office during the year or was a member of the committee during the year.

Each Director is invited to attend the sub-committee meetings of the Board.

## REMUNERATION REPORT

Remuneration is referred to as compensation throughout this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group, including Directors of the Company and other executives. Key management personnel refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

The key management personnel of the Group are the Directors of Macquarie Radio Network Limited and the executive officers as follows:

- Russell Tate – Executive Chairman
- Robert Loewenthal – Managing Director (resigned 28 March 2014)
- Max Donelly – Non-Executive Director
- Maureen Plavsic – Non-Executive Director
- Jack Singleton – Non-Executive Director
- Kate Thompson – Non-Executive Director
- Mark Noakes – Sales Director
- David Kidd – Program Director 2GB and Group Promotions Director
- Lisa Young – Chief Financial Officer
- Alessandra Steele – General Counsel

### Remuneration Policy

#### Objectives and policies

The Company has established processes to ensure that the level and composition of remuneration are sufficient, reasonable, and explicitly linked to performance. The objectives of the Company's remuneration policies are to attract, motivate and retain appropriately qualified and experienced executives and other employees capable of discharging their respective responsibilities to enable the Company to achieve its business strategy.

#### Remuneration structure

The Nomination and Remuneration Committee is primarily responsible for the review and making of recommendations in relation to issues that impact executive remuneration and development, including remuneration packages and other terms of employment for Directors.

#### Non-executive Directors

The Nomination and Remuneration Committee is responsible for recommending to the Board fees applicable to Non-executive Directors. Directors are remunerated at market rates for their services to the Company. Non-executive Directors are paid a fixed annual fee for their services.

#### Executive Directors and Management

The Nomination and Remuneration Committee is responsible for recommending to the Board remuneration policies, fees, salaries, short-term and long-term incentives applicable to Executive Directors and management of the Company.

The remuneration policies are designed to drive a performance culture, and to ensure that the way in which employees are recognised and rewarded through remuneration is in the best interests of the shareholders, the Company and the individual. The remuneration policies achieve this by:

- providing remuneration that is market competitive to ensure the Company has the ability to retain and motivate strong performing employees and attract high calibre employees;
- implementing an incentive scheme to ensure the most senior executive remuneration is linked to both individual performance and Company performance; and
- undertaking an annual evaluation process on the performance of all executives, the results of which contribute to the determination of any salary adjustment an individual executive may receive.

Compensation levels for key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the relevant segments' performance; and
- the Group's earnings performance.

Compensation packages include a mix of fixed and variable compensation and short and long-term performance-based incentives. In addition to their salaries, the Group also makes statutory contributions to a post-employment superannuation plan on behalf of the key management personnel.

The Company does not currently have a retirement benefit scheme for the key management personnel; other than the statutory superannuation benefits which are included as part of the compensation as disclosed in this report. Performance linked compensation includes short-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives.

**Fixed compensation**

Fixed compensation consists of base compensation which includes statutory employer contributions to superannuation funds.

**Short-term incentive bonus**

The bonus is dependent on the satisfaction of the achievement of financial criteria set out in employment contracts. This condition was chosen as the Board believe it aligns the objectives of management with the creation of shareholder value. The cash incentive payable in relation to a financial year to key management personnel must be approved by the remuneration committee before it is paid. The short-term incentive (STI) is an 'at risk' bonus provided in the form of cash.

**Incentive structure**

The Nomination and Remuneration Committee considers that the above performance-linked compensation structure is generating the desired outcome.

**Non-executive Directors**

The Board seeks to set remuneration of Non-executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. The remuneration of Non-executive Directors is determined within an aggregate Non-executive Directors' remuneration pool limit. The maximum currently stands at \$200,000 per annum. The remuneration of Non-executive Directors does not incorporate any bonus or incentive element.

The Company does not currently have a retirement benefit scheme for Non-executive Directors, other than their individual statutory superannuation benefits which are included as part of their total Non-executive Directors' fee compensation.

In addition, all Non-executive Directors are encouraged by the Board to hold shares in the Company. It is considered good governance for Directors to have a stake in the Company on whose Board they sit. Further details of Non-executive Directors' shareholdings for the financial year ended 30 June 2014 are detailed on page 17.

Details of the nature and amount of each major element of remuneration of each Director of the Company and other key management personnel are set out on the following four pages.

**Relationship between the remuneration policy and company performance**

The remuneration of Executive Directors and key management personnel contains an annual bonus. This total cash bonus is linked to the underlying annual profit levels of the Group.

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2014:

	<b>30 June 2014</b>	<b>30 June 2013</b>	<b>30 June 2012</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue	56,474	57,454	63,670	64,315	49,212
Net profit before tax	8,720	12,325	4,344	8,565	9,132
Net profit after tax	5,924	9,121	2,268	5,913	6,167
Share price at start of year (\$)	0.65	0.63	1.25	0.75	0.30
Share price at end of year (\$)	1.08	0.65	0.63	1.25	0.75
Interim dividend (\$'000)	3,890	3,890	1,942	3,884	2,987
Final dividend (\$'000)	3,890	3,890	1,185	1,554	2,987
Share buy backs (\$'000)	-	1,500	-	-	-
Basic earnings per share (cents)	7.61	11.87	2.86	7.72	8.26
Diluted earnings per share (cents)	7.35	11.46	2.69	7.17	7.84

**DIRECTORS' REPORT**

Macquarie Radio Network Limited

		Short-term					Post-employment	Other long term	Termination benefits \$	Share-based payments	Total \$	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
		Salary & fees \$	Annual leave movement \$	STI cash bonus \$	Non-monetary benefits \$	Total	Super-annuation benefits \$	\$		Options and rights \$			
<b>Directors</b>													
<b>Non-executive directors</b>													
Max Donnelly	2014	50,000	-	-	-	50,000	4,625	-	-	-	54,625	-	-
	2013	50,000	-	-	-	50,000	4,500	-	-	-	54,500	-	-
Maureen Plavsic	2014	54,616	-	-	-	54,616		-	-	-	54,616	-	-
	2013	50,000	-	-	-	50,000	4,500	-	-	-	54,500	-	-
Jack Singleton	2014	54,616	-	-	-	54,616		-	-	-	54,616	-	-
	2013	54,500	-	-	-	54,500	-	-	-	-	54,500	-	-
Kate Thompson	2014	50,000	-	-	-	50,000		-	-	-	50,000	-	-
	2013	50,000	-	-	-	50,000	-	-	-	-	50,000	-	-
<b>Executive directors</b>													
Russell Tate (Chairman)	2014	585,000	-	-	18,000	603,000	6,660	-	-	-	609,660	-	-
	2013	750,000	-	-	-	750,000	6,480	-	-	-	756,480	-	-
Robert Loewenthal (Managing Director)	2014	382,500	38,855	-	-	421,355	27,166	13,572	390,000	-	852,093	-	-
(resigned 28 March 2014)	2013	475,000	42,463	-	-	517,463	16,470	8,433	-	-	542,366	-	-
<b>Executives</b>													
Mark Noakes, Sales Director	2014	300,000	(56,153)	-	-	243,847	17,775	6,746	-	-	268,368	-	-
	2013	300,000	(18,028)	-	-	281,972	16,470	20,303	-	-	318,745	-	-
David Kidd, Program Director 2GB & Group Promotions Director	2014	280,000	11,291	-	-	291,291	17,775	-	-	-	309,066	-	-
	2013	280,000	23,782	-	-	303,782	16,470	-	-	-	320,252	-	-
Ian Holland, Program Director 2CH (ceased employment on 1 Feb 2013)	2014	-	-	-	-	-	-	-	-	-	-	-	-
	2013	198,388	(47,174)	-	-	151,214	12,353	(28,843)	-	-	134,724	-	-
Lisa Young, Chief Financial Officer (appointed 1 July 2013)	2014	176,250	5,767	-	-	182,017	16,237	-	-	-	198,254	-	-
	2013	-	-	-	-	-	-	-	-	-	-	-	-
Alessandra Steele, General Counsel (appointed 30 September 2013)	2014	120,032	5,205	-	-	125,237	11,103	-	-	-	136,340	-	-
	2013	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total compensation: key management personnel (group)</b>	2014	2,053,014	4,965	-	18,000	2,075,979	101,341	20,318	390,000	-	2,587,638	-	-
	2013	2,207,888	1,043	-	-	2,208,931	77,243	(107)	-	-	2,286,067	-	-

**Service Agreements and Bonus Schemes**

Notes in relation to the table of Directors' and executive officers remuneration:

The following Directors and key management personnel have service agreements with Macquarie Radio Network Limited in place at June 2014:

Mark Noakes (Sales Director)

- Base salary is \$300,000 p.a.
- A bonus is payable based on the achievement of pre-determined revenue targets and also on the achievement of financial criteria set out in his contract.
- The agreement may be terminated with 3 months written notice by either party.
- In the event that employment ceased on termination of the agreement no further amounts would be payable by the company.

David Kidd (Program Director 2GB and Group Promotions Director)

- Base salary is \$280,000 p.a.
- A bonus is payable based on the achievement of financial criteria set out in his contract.
- The agreement may be terminated with 6 weeks written notice by either party.
- In the event that employment ceased on termination of the agreement no further amounts would be payable by the company.

Lisa Young (Chief Financial Officer)

- Base salary is \$195,000 p.a.
- A bonus is payable based on the achievement of financial criteria.
- The agreement may be terminated with 8 weeks written notice by either party.
- In the event that employment ceased on termination of the agreement no further amounts would be payable by the company.

Alessandra Steele (General Counsel)

- Base salary is \$175,000 p.a.
- The agreement may be terminated with 3 months written notice by either party
- In the event that employment ceased on termination of the agreement no further amounts would be payable by the company.

Russell Tate (Executive Chairman)

- Base salary is \$498,000 p.a.
- Directors' fees of \$72,000 are also paid in respect of his capacity as Chairman.

The short-term incentive bonus relates to performance in any financial year using the criteria set out on page 13.



**Details of performance related compensation**

Details of the Group's policy in relation to the proportion of remuneration that is performance related is discussed on pages 12 to 14 and page 16.

**Analysis of bonuses included in remuneration**

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to each of the Company executives and relevant Group executives are detailed below.

	Included in remuneration \$ (a)	Maximum Bonus Entitlement (\$)	Short term incentive bonus	
			% vested in year	% forfeited in year (b)
<b>Executives</b>				
Robert Loewenthal (i)	-	100,000	-	100%
Mark Noakes	-	100,000	-	100%
David Kidd	-	30,000	-	100%
Lisa Young	-	19,500	-	100%

(i) Employment ceased on 28 March 2014

**Analysis of bonuses included in remuneration**

(a) Amounts included in remuneration for the financial year represents the amount that vested in the previous financial year based on the achievement of financial criteria set out in employment contracts. No amounts vest in future financial years in respect of the bonus schemes for the 2014 financial year.

(b) The percentages forfeited are due to the performance or service criteria not being met in relation to the previous financial year.

**Key management personnel equity holdings***Fully paid ordinary shares of Macquarie Radio Network Limited*

The number of shares in the company held during the financial year by each director of Macquarie Radio Network Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

**2014**

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
<b>Directors of Macquarie Radio Network Limited</b>				
<b>Ordinary shares</b>				
Russell Tate	552,628	-	-	552,628
Max Donnelly	214,382	-	-	214,382
Maureen Plavsic	25,000	-	-	25,000
Robert Loewenthal (ii)	-	-	-	n/a
Jack Singleton	-	-	-	-
Kate Thompson	10,000	-	-	10,000
<b>Other key management personnel of the Group</b>				
<b>Ordinary shares</b>				
Mark Noakes	1,000	-	-	1,000
Lisa Young (i)	-	-	-	-
Alessandra Steele (iii)	-	-	-	-
David Kidd	-	-	-	-

(i) Lisa Young was appointed Chief Financial Officer on 1 July 2013.

(ii) Robert Loewenthal resigned on 28 March 2014.

(iii) Alessandra Steele was appointed as General Counsel on 30 September 2013.

**Loans to key management personnel**

The Group has not provided any loans to key management personnel in the current or previous financial year.

**Share options of Macquarie Radio Network Limited**

There were no share options issued to any Director or other key management personnel, including their personally related parties, in the current or previous financial year.

In the year ended 30 June 2013, Russell Tate exercised share options of 3,000,000 in exchange for 3,000,000 shares in the Company. There were no outstanding share options in respect of any Director or other key management personnel, including their personally related parties, in the current or previous financial year.

**Other transactions with key management personnel**

There were no other transactions.

**DIRECTORS' RELEVANT INTERESTS IN THE SHARES OF THE COMPANY**

The Directors' interests in shares in the Company are shown above.

There have been no changes to the Directors' interests between balance date and the date of this report.

**NON-AUDIT SERVICES**

The Company has employed the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor for audit services provided during the year are set out in Note 28 to the financial statements. There were no non-audit services provided during the year.

**ENVIRONMENTAL ISSUES**

The consolidated entity's operations are not regulated by any significant law of the Commonwealth or a State or Territory relating to the environment.

**DIVIDENDS**

Dividends paid to members during the financial year were as follows:

- Final ordinary franked dividend for the year ended 30 June 2013 of 5.0 cents per fully paid ordinary share	\$3,890,000
- Interim franked dividend for the half year ended 31 December 2013 of 5.0 cents per fully paid ordinary share	\$3,890,000
- Since the end of the financial year a final ordinary franked dividend for the year ended 30 June 2014 of 5.0 cents per fully paid ordinary share has been declared	\$3,890,000

**INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The Company's Constitution permits the Company to indemnify each officer of the Company against any liabilities (to the extent permitted by law) in or arising out of the conduct of the business of the Company or a subsidiary of the Company or the discharge of the duties of its officers. It is the Company's policy to indemnify its officers against any claims or from any expenses or costs they incur in carrying out their role, to the extent permitted by law.

The Company has also entered into Deeds of Access and Indemnity with each of the Directors, the Company Secretary and the Executive Chairman. Under the Deeds of Access and Indemnity, the Company has agreed to indemnify these officers against any claim or for any expenses or costs which may arise as a result of work performed in their capacity as officers, to the extent permitted by law. There is no monetary limit to the extent of this indemnity.

During the financial year, the Company paid a premium for an insurance policy for the benefit of its officers. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

**AUDITORS' INDEPENDENCE DECLARATION**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 20.

**ROUNDING OF AMOUNTS TO THE NEAREST THOUSAND DOLLARS**

The Company is an entity to which Class Order 98/100 issued by the Australian Securities and Investments Commission applies and, accordingly, amounts in the Financial Statements and the Directors' Report have been rounded off to the nearest thousand dollars in accordance with this class order, unless otherwise stated.

This report is made in accordance with a resolution of Directors.



**Russell Tate**  
Chairman

Dated this 18<sup>th</sup> day of September 2014

The Board of Directors  
Macquarie Radio Network Limited  
Level 1, Building C  
33-35 Saunders Street  
PYRMONT NSW 2009

18 September 2014

Dear Board Members

## **Macquarie Radio Network Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Macquarie Radio Network Limited and its controlled entities.

As lead audit partner for the audit of the financial statements of Macquarie Radio Network Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Tara Hill  
Partner  
Chartered Accountants

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the year ended 30 June 2014

Macquarie Radio Network Limited

	Notes	2014 \$'000	2013 \$'000
Revenue	5	56,474	57,454
Other Income	5	460	3,315
Employee benefits	6	(30,330)	(29,403)
Employee options expense		(82)	(12)
Depreciation and amortisation	6	(918)	(818)
Legal, professional and consulting		(1,275)	(1,564)
Rent	6	(1,783)	(1,696)
Royalties, licences and commissions		(4,531)	(4,561)
Programming content		(1,548)	(2,507)
Utilities and telephone		(1,303)	(1,351)
Marketing and promotions		(211)	(204)
Insurances		(620)	(560)
Other		(4,818)	(4,635)
Finance costs	6	(795)	(1,133)
<b>Profit before tax</b>		<b>8,720</b>	<b>12,325</b>
Income tax expense	7	(2,796)	(3,204)
<b>Profit for the year</b>	<b>25</b>	<b><u>5,924</u></b>	<b><u>9,121</u></b>
<b>Other comprehensive income</b>			
Items that may be subsequently reclassified to profit or loss:			
Gain/(loss) on available-for-sale financial assets, net of income tax		19	(2)
Other comprehensive income/(loss) for the year, net of income tax		19	(2)
<b>Total comprehensive income for the year</b>		<b><u>5,943</u></b>	<b><u>9,119</u></b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the company</b>			
Basic earnings per share (cents per share)	23	7.61	11.87
Diluted earnings per share (cents per share)	23	7.35	11.46

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2014

Macquarie Radio Network Limited

	Notes	2014 \$'000	2013 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	3,492	1,883
Trade and other receivables	9	10,181	11,361
Other assets	10	63	63
<b>TOTAL CURRENT ASSETS</b>		<b>13,736</b>	<b>13,307</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	11	664	786
Available-for-sale financial assets	12	65	587
Property, plant and equipment	15	5,553	5,443
Deferred tax assets	16	1,517	1,611
Radio licences	17	20,096	20,096
Other intangible assets	17	511	511
Other assets	10	338	402
<b>TOTAL NON-CURRENT ASSETS</b>		<b>28,744</b>	<b>29,436</b>
<b>TOTAL ASSETS</b>		<b>42,480</b>	<b>42,743</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	4,512	5,083
Current tax liabilities	19	1,892	763
Provisions	20	2,312	2,303
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,716</b>	<b>8,149</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	21	14,750	13,750
Provisions	20	195	270
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>14,945</b>	<b>14,020</b>
<b>TOTAL LIABILITIES</b>		<b>23,661</b>	<b>22,169</b>
<b>NET ASSETS</b>		<b>18,819</b>	<b>20,574</b>
<b>EQUITY</b>			
Issued capital	22	4,827	4,827
Reserves	24	(5,735)	(5,836)
Retained earnings	25	19,727	21,583
<b>TOTAL EQUITY</b>		<b>18,819</b>	<b>20,574</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 June 2014

Macquarie Radio Network Limited

	Note	Fully Paid Ordinary Share Capital	Options Reserve	Share buy- back Reserve	Available-for- sale Revaluation Reserve	Retained Earnings	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012		4,827	171	(6,010)	(7)	17,537	16,518
Profit for the year		-	-	-	-	9,121	9,121
Loss on available-for-sale financial asset		-	-	-	(2)	-	(2)
Total comprehensive income for the year		-	-	-	(2)	9,121	9,121
Recognition of share-based payments	24	-	12	-	-	-	12
Payment of dividends	26	-	-	-	-	(5,075)	(5,075)
<b>Balance at 30 June 2013</b>		<b>4,827</b>	<b>183</b>	<b>(6,010)</b>	<b>(9)</b>	<b>21,583</b>	<b>20,574</b>
Balance at 1 July 2013		4,827	183	(6,010)	(9)	21,583	20,574
Profit for the year		-	-	-	-	5,924	5,924
Gain on available-for-sale financial assets		-	-	-	19	-	19
Total comprehensive income for the year		-	-	-	19	5,924	5,943
Recognition of share-based payments	24	-	82	-	-	-	82
Payment of dividends	26	-	-	-	-	(7,780)	(7,780)
<b>Balance at 30 June 2014</b>		<b>4,827</b>	<b>265</b>	<b>(6,010)</b>	<b>10</b>	<b>19,727</b>	<b>18,819</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 30 June 2014

Macquarie Radio Network Limited

	Notes	2014 \$'000	2013 \$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		63,096	66,241
Payments to suppliers and customers		(52,490)	(53,494)
Income taxes (paid)/received		(1,573)	143
Interest received		58	108
Finance costs		(795)	(1,026)
Net cash generated by operating activities	31(b)	8,296	11,972
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(1,028)	(981)
Payment for intangible assets	17(c)	-	(500)
Payment for other financial assets		-	(896)
Proceeds from sales of other financial assets		1,000	356
Repayments of loans by employees		121	123
Net cash provided by/(used in) investing activities		93	(1,898)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		1,500	3,900
Repayment of borrowings		(500)	(9,050)
Dividends paid		(7,780)	(5,075)
Net cash used in financing activities		(6,780)	(10,225)
<b>Net increase/(decrease) in cash held</b>		1,609	(151)
Cash at beginning of year		1,883	2,034
<b>Cash at the end of the year</b>	31(a)	<b>3,492</b>	<b>1,883</b>

The accompanying notes form part of these financial statements.



**NOTE 1 GENERAL INFORMATION**

Macquarie Radio Network Limited (the Company) is a listed public company, incorporated in Australia and operating in Australia.

Macquarie Radio Network Limited's registered office and its principal place of business are as follows:

Registered office  
Level 1, Building C  
33-35 Saunders Street  
Pyrmont, NSW 2009

Principal place of business  
Level 1, Building C  
33-35 Saunders Street  
Pyrmont, NSW 2009

**NOTE 2 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS****a) New and revised AASBs affecting amounts reported and/or disclosures in the financial statements**

In the current year, the Group has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

**Standards affecting presentation and disclosure**

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

**Impact of the application of AASB 10**

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee. Some guidance included in AASB 10 that deals with whether or not an investor that owns less than 50 per cent of the voting rights in an investee has control over the investee is relevant to the Group. The adoption of AASB 10 did not have any impact on the disclosures or on the amounts recognised in the consolidated financial statements.

**NOTE 2 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)****Impact of the application of AASB 12**

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements. The adoption of AASB 12 did not have any impact on the disclosures or on the amounts recognised in the consolidated financial statements.

**Impact of the application of AASB 13**

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. The application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

**Impact of the application of AASB 119**

In the current year, the Group has applied AASB 119 (as revised in 2011) 'Employee Benefits' and the related consequential amendments for the first time. The application of AASB 119 has not had any material impact on the amounts recognised in the consolidated financial statements.

**Impact of the application of AASB 2011-4**

This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures'. As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. In the current year, the individual key management personnel disclosure previously required by AASB 124 (note 28(d) and 28(e) in the 30 June 2013 financial statements) is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

**Impact of the application of AASB 127, 2012-5 and 2012-10**

The Group has applied the above standards and amendments for the first time in the current year. The adoption of these standards and amendments did not have any impact on the disclosures or on the amounts recognised in the consolidated financial statements.

**b) Standards and Interpretations affecting the reported results or financial position**

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

**NOTE 2 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)****c) Standards and Interpretations in issue not yet adopted**

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards'	1 July 2014	30 June 2015
- Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles'		
- Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'		
- Part C: 'Materiality'		
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	30 June 2017
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018

The entity has not yet finally assessed the impact of these new Standards and Interpretations, but do not expect the impact to be material.

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Statement of compliance**

The financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the entity is a 'for-profit' entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 18 September 2014.

**Basis of preparation**

The financial report has been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

**a) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company ('its subsidiaries'). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****b) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**c) Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given and liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Contingent consideration transferred is recognised initially at fair value. Contingent consideration classified as a liability is remeasured to fair value each period until settlement with changes recognised in profit or loss. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised at their fair value less costs to sell. Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit and loss.

**d) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

**e) Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of estimated future cash outflows to be made by the Group in respect of services provided by the employees up to the reporting date.

**f) Financial assets**

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****f) Financial assets (continued)****(i) Available-for-sale financial assets**

Certain shares held by the Group are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive payments is established.

**(ii) Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

**(iii) Impairment of financial assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

**g) Financial liabilities****(i) Debt and equity instruments**

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangements.

**(ii) Financial liabilities**

Financial liabilities including borrowings are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****h) Impairment of tangible and intangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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 not 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**i) Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**(i) Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**(ii) Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****i) Income tax (continued)****(iii) Current and deferred tax for the period**

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

**j) Property, plant and equipment**

Land and buildings held for use in the supply of services are stated in the consolidated statement of financial position at their cost less accumulated depreciation and accumulated impairment losses. Plant and equipment and leasehold improvements are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of plant and equipment over its expected useful life to the consolidated entity. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is shorter, using the straight line method. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessment for major items. Freehold land is not depreciated. The depreciation rates used are as follows:

<b>Fixed Asset Class</b>	<b>Rates</b>	<b>Basis</b>
Plant and Equipment	10 - 33%	Straight Line
Leased Plant and Equipment	15 - 25%	Straight Line
Leasehold improvements	15 - 25%	Straight Line

Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the items of plant and equipment to which they relate.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

**k) Intangible assets****(i) Licences**

The radio licences are recognised upon consolidation of the controlled entities. The licences are carried at cost. The radio licenses have indefinite useful lives and are therefore not amortised. Instead, they are tested annually for impairment as stated in Note 3(h).

**(ii) Website development expenditure**

Costs incurred in acquiring, developing and implementing new websites are recognised as intangibles only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services and licenses.

Website developments have a finite life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of website development over its estimated useful life, which is 4 years.



**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****k) Intangible assets (continued)****(iii) First and Last Fee**

Intangible assets acquired through contractual rights are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of the first and last fee over its estimated useful life.

**l) Leased assets**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**m) Provisions**

Provision for legal claims are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item in the same class of obligation may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting period date.

**n) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

**(i) Advertising revenue**

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

**(ii) Dividend and interest revenue**

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established. Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**(iii) Royalty revenue**

Revenue from royalties is recognised upon receipt.

**(iv) Commission revenue**

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

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****o) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense or:
- (ii) For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**p) Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**q) Dividends**

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

**r) Earnings per share****(i) Basic Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

**(ii) Diluted Earnings per share**

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

**NOTE 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**a) Critical judgements in applying the entity's accounting policies**

The following are the critical judgements (apart from those involving estimations, which are dealt with below) that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Impairment of radio licenses

**b) Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year:

**(i) Impairment of radio licenses**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Determining whether radio licences is impaired requires an estimation of the value in use of the cash generating units to which radio licences has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of radio licences at 30 June 2014 was \$20.096 million (30 June 2013: \$20.096 million). No impairment has been recognised during the year. Details of the value in use calculation are set out in note 17.

	2014 \$'000	2013 \$'000
<b>NOTE 5 REVENUE</b>		
<b>Sales revenue</b>		
- advertising revenue	51,348	52,055
- programming and cost recoveries	4,709	5,291
- commission revenue from related party (refer note 30(d))	359	-
- interest	58	108
	<u>56,474</u>	<u>57,454</u>
<b>Other income</b>		
- royalties	-	1,501
- contingent consideration reversal (refer note 14)	-	1,814
- profit on sale of investment	460	-
	<u>460</u>	<u>3,315</u>
<b>NOTE 6 EXPENSES</b>		
<b>Profit before income tax includes the following specific expenses:</b>		
Finance costs paid or payable to:		
- other persons	795	1,026
- deferred costs of acquisition	-	107
Total finance costs	<u>795</u>	<u>1,133</u>
Depreciation of property, plant and equipment	718	612
Amortisation of non-current assets:		
- leasehold improvements	200	200
- intangible assets	-	6
Total depreciation and amortisation	<u>918</u>	<u>818</u>
Bad and doubtful debts (for unrelated parties)		
- bad debts written off	438	60
- doubtful debts	(200)	62
	<u>238</u>	<u>122</u>
Rental expense on operating leases	<u>1,783</u>	<u>1,696</u>
Employee benefits expense:		
Post employment benefits		
- Defined contribution plans	1,358	1,271
Share-based payments (see note 24)		
- Equity-settled share-based payments	82	12
Other employee benefits	<u>28,890</u>	<u>28,120</u>
Total employee benefits expense	<u>30,330</u>	<u>29,403</u>

2014	2013
\$'000	\$'000

**NOTE 7 INCOME TAX EXPENSE****a) Income tax expense**

Current tax	2,652	3,035
Under/(Over) provision for tax in prior year	50	(32)
Deferred tax (note 16(a))	94	201
	<u>2,796</u>	<u>3,204</u>

**b) Numerical reconciliation of income tax expense to prima facie tax payable**

Accounting profit before income tax	8,720	12,325
Tax at the Australian tax rate of 30% (2013 - 30%)	2,616	3,697
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Entertainment	111	47
- Employee options expense	25	4
- Income exempt from taxation	-	(544)
- Other	(6)	32
- Adjustment in relation to prior year	50	(32)
Effective income tax rate of 32% (2013: 26%)	<u>2,796</u>	<u>3,204</u>

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore treated as a single entity. The head entity of the tax-consolidated group is Macquarie Radio Network Limited. The members of the tax-consolidated group are listed in Note 13. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the group are recognised in the separate financial statements of the members of the group, using the 'separate taxpayer within group' approach. This approach is by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses are recognised by the Company, as head entity of the tax-consolidated group.

**NOTE 8 CASH AND CASH EQUIVALENTS**

Cash at bank and on hand	<u>3,492</u>	<u>1,883</u>
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	2014 \$'000	2013 \$'000
<b>NOTE 9 CURRENT TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	9,939	12,036
Less: allowance for doubtful receivables	(1,035)	(1,235)
	<u>8,904</u>	<u>10,801</u>
Receivable from related party (refer note 30(d))	325	-
Other receivables	952	560
	<u>10,181</u>	<u>11,361</u>
Age of receivables that are past due but not impaired:		
- 60-90 days	164	301
- 90 + days	1,579	1,873
- Total	<u>1,743</u>	<u>2,174</u>
Movement in the allowance for doubtful debts:		
Balance at the beginning of the year	1,235	1,173
Amounts (reversed)/provided during the year	(200)	62
Balance at the end of the year	<u>1,035</u>	<u>1,235</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

**a) Bad and doubtful trade receivables**

An allowance has been made for estimated irrecoverable trade receivable amounts arising from past rendering of services determined by reference to past default experience. Before accepting any new customers, the Group will obtain third party references to assess the potential customer's credit quality and define customer limits by the customer. All amounts included in the provision for doubtful debts are aged greater than 90 days.

**b) Credit terms**

The average credit period on sale of air-time is 30 days. No interest is charged on the trade receivables for the first 30 days from the date of the invoice.

**c) Other receivables**

These amounts generally arise from transactions outside the usual operating activities of the Group. They are interest free and repayable at call.

	2014 \$'000	2013 \$'000
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**NOTE 10 OTHER ASSETS**

Current – prepayments	63	63
Non-current – prepayments	338	402
	<u>401</u>	<u>465</u>

**NOTE 11 OTHER RECEIVABLES**

Loans advanced to employees – interest bearing	<u>664</u>	<u>786</u>
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**NOTE 12 AVAILABLE-FOR-SALE FINANCIAL ASSETS**

Listed securities at fair value		
- Equity securities	53	35
Unlisted securities		
- Equity securities	<u>12</u>	<u>552</u>
	<u>65</u>	<u>587</u>

**a) Movements in available-for-sale financial assets**

Balance at the beginning of the year	587	49
Payment for financial assets	-	896
Proceeds from the sale of financial assets	(1,000)	(356)
Valuation gain/(loss) recognised	<u>478</u>	<u>(2)</u>
	<u>65</u>	<u>587</u>

**b) Listed Securities**

The fair value of listed investments are based on observable market prices.

**c) Unlisted securities**

The fair value of unlisted available-for-sale investments has been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation techniques and recorded in the statement of financial position and the related fair value movements are reasonable and the most appropriate at reporting period date.

**NOTE 13 OTHER FINANCIAL ASSETS**

Details of the Company's subsidiaries at 30 June 2014 are as follows:

	Country of Incorporation	Ownership Interest	
		2014 %	2013 %
Harbour Radio Pty Limited	Australia	100	100
Radio 2CH Pty Limited	Australia	100	100
Map and Page Pty Limited	Australia	100	100
Macquarie Media Network Pty Limited	Australia	100	100
Macquarie Regional Radio Pty Limited	Australia	100	100
Buyradio Pty Limited	Australia	100	100

The principal activities of the subsidiaries are outlined in the Director's Report on page 10.

**NOTE 14 ACQUISITION OF SUBSIDIARY**

On 1 September 2011, Macquarie Regional Radio Pty Ltd (a wholly owned subsidiary of Macquarie Radio Network Limited) acquired the Smart Radio Network comprising the licences and assets of the Queensland based business. Accordingly, from 1 September 2011, the operations of the Smart Radio business are consolidated by the MRN Group.

This acquisition included the recognition of a deferred cost of acquisition payable on achievement of certain performance based criteria. In accordance with AASB 3 Business Combinations, subsequent changes in the amount of contingent consideration do not affect the value of net assets acquired; rather these movements are recognised in the statement of profit or loss and other comprehensive income. In accordance with these requirements, the Group recognised a \$1,774,000 gain in the prior year in relation to adjustments made to the contingent consideration liability.

2014	2013
\$'000	\$'000

**NOTE 15 PROPERTY, PLANT & EQUIPMENT**

Freehold land and buildings – at cost	1,635	1,635
Leasehold improvements – at cost	3,309	3,307
Accumulated amortisation	(2,509)	(2,307)
	<u>800</u>	<u>1,000</u>
Plant and equipment – at cost	10,597	9,795
Accumulated depreciation	(7,479)	(6,987)
	<u>3,118</u>	<u>2,808</u>
Net book amount	<u><u>5,553</u></u>	<u><u>5,443</u></u>

**a) Movements in property, plant and equipment**

	Freehold Land & Buildings \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Total \$'000
Opening net book amount at 1 July 2012	1,635	1,133	2,520	5,288
Transfers	-	67	(67)	-
Disposals	-	-	(27)	(27)
Additions	-	-	995	995
Depreciation and amortisation charge	-	(200)	(613)	(813)
<b>Closing net book amount at 30 June 2013</b>	<u><b>1,635</b></u>	<u><b>1,000</b></u>	<u><b>2,808</b></u>	<u><b>5,443</b></u>
Additions	-	-	1,028	1,028
Depreciation and amortisation charge	-	(200)	(718)	(918)
<b>Closing net book amount at 30 June 2014</b>	<u><b>1,635</b></u>	<u><b>800</b></u>	<u><b>3,118</b></u>	<u><b>5,553</b></u>



**NOTE 16 DEFERRED TAX ASSETS**

The balances comprise temporary differences attributable to:

	Assets		Liabilities		Net	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Consolidated</b>						
Amounts recognised in profit or loss						
Doubtful debts	311	371	-	-	311	371
Employee benefits	600	664	-	-	600	664
Provision for legal costs	149	101	-	-	149	101
Accrued expenses	49	70	-	-	49	70
Fixed assets	451	383	-	-	451	383
Expenses deductible over 5 years	78	163	-	-	78	163
Accrued interest	-	-	(1)	(1)	(1)	(1)
Prepayments	-	-	(120)	(140)	(120)	(140)
Net tax assets/(liabilities)	<u>1,638</u>	<u>1,752</u>	<u>(121)</u>	<u>(141)</u>	<u>1,517</u>	<u>1,611</u>

Notes	2014 \$'000	2013 \$'000
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**a) Movements in temporary differences:**

Opening balance 1 July		1,611	1,812
Charged to the profit or loss	7	(94)	(201)
<b>Closing balance at 30 June</b>		<u>1,517</u>	<u>1,611</u>

	Notes	2014 \$'000	2013 \$'000
<b>NOTE 17 INTANGIBLES</b>			
Radio licences – at cost	(a)	<u>20,096</u>	<u>20,096</u>
<b>Other Intangible Assets</b>			
Website - at cost	(b)	1,000	1,000
Less: accumulated amortisation and impairment		<u>(989)</u>	<u>(989)</u>
		<u>11</u>	<u>11</u>
First and last fee - at cost	(c)	500	500
		<u>511</u>	<u>511</u>

**a) Movement in Radio Licenses**

	\$'000
Balance at 1/7/12	20,096
Additions	-
Balance at 30/6/13	<u>20,096</u>
Balance at 30/6/14	<u>20,096</u>

The radio license intangibles were acquired through business acquisitions and have been allocated to one individual cash generating unit for impairment testing. The recoverable amount of the cash generating unit has been determined based on a value in use calculation. The value in use calculation uses cash flow projections based on financial budgets approved by the Board for the subsequent year. These projections form the basis of a perpetuity calculation. The assumptions used in the value-in-use calculations for the radio licences were a discount rate of 11.50% (2013: 6.90%) and a growth rate of 2.93% (2013: 2.50%). The Directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

The key assumptions used in the value in use calculation for radio licences is budgeted earnings before interest, taxes, depreciation and amortisation (EBITDA). The budgeted EBITDA for the subsequent year has been projected in perpetuity. This assumption reflects past experience and is consistent with the Board's plans for future operations. The Directors believe that maintaining this level of earnings is reasonably achievable.

**b) Movements in Website assets**

	\$'000
Balance at 1/7/12	16
Amortisation expense (i)	<u>(5)</u>
Balance at 30/6/13	11
Balance at 30/6/14	<u>11</u>

(i) Amortisation expense is included in the line item 'depreciation and amortisation expense' in the statement of comprehensive income. A useful life of 4 years is used to amortise capitalised development costs.

**c) Movement in First and last fee**

	\$'000
Balance at 1/7/12	-
Additions	<u>500</u>
Balance at 30/6/13	<u>500</u>
Balance at 30/6/14	<u>500</u>

In connection with the extension of the Production Services Agreement with Alan Jones from 1 July 2013 to 30 June 2015, the Company provided a payment of \$500,000 to secure the first rights of exclusive negotiation and last rights to match an agreement for the provision of media services for the 10 years following the expiry of the current 2-year service term (i.e. to 30 June 2025) ("the F&L term").

Notes	2014 \$'000	2013 \$'000
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**NOTE 18 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES**

Unsecured liabilities

Trade payables (i)

Other payables

457	710
4,055	4,373
<u>4,512</u>	<u>5,083</u>

(i) The average credit period on purchases is 30 days. No interest is charged on overdue payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

**NOTE 19 CURRENT TAX LIABILITY**

Current tax liability

<u>1,892</u>	<u>763</u>
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**NOTE 20 PROVISIONS****Current provisions**

Employee benefits – long service leave

Employee benefits – annual leave

Provision for claims/defamations  
and associated legal costs

(a)

580	506
1,236	1,462
496	335
<u>2,312</u>	<u>2,303</u>

**Non-current provisions**

Employee benefits – long service leave

<u>195</u>	<u>270</u>
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**a) Movements in provisions**

Movements in the provisions during the financial year, other than employee benefits, are set out below:

Carrying amount at start of year

Additional provision recognised

Amount paid out of the provision during the year

Carrying amount at end of year

335	522
431	151
(270)	(338)
<u>496</u>	<u>335</u>

The amount represents a provision for certain defamation claims brought against the Group. In the directors' opinion, after taking appropriate legal advice, the outcome of these claims are unlikely to give rise to any significant loss beyond the amounts provided for at 30 June 2014. Certain entities in the consolidated entity are party to various other legal actions and claims which have arisen in the ordinary course of business. Any liabilities arising from such legal actions and claims are not expected to have a material adverse effect on the consolidated entity.

Notes	2014 \$'000	2013 \$'000
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**NOTE 21 BORROWINGS**

## Secured liabilities

Non-current - Bank loans	(b)	<u>14,750</u>	<u>13,750</u>
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**a) Bank Facility Security**

(i) The bank facility is secured by a Cross Deed of Covenant ('Covenant') between the Company and its controlled entities, Macquarie Regional Radio Pty Limited, Radio 2CH Pty Limited and Harbour Radio Pty Limited. The Covenant is supported by a first registered fixed and floating charge over all the assets and undertaking of each entity.

(ii) The carrying amount of assets pledged as security is as follows:

- total current assets	<u>13,736</u>	<u>13,307</u>
- total non-current assets	<u>28,744</u>	<u>29,436</u>
- total assets	<u>42,480</u>	<u>42,743</u>

**b) Financing arrangements**

Unrestricted access was available at balance date to the following lines of credit:

***Bank loan facilities***

Total facilities	25,000	25,000
Used at balance date	<u>14,750</u>	<u>13,750</u>
Unused at balance date	<u>10,250</u>	<u>11,250</u>

Subject to continuous compliance with the terms of the facility agreement with the bank, the loan facilities may be drawn down at any time. The current interest rate on the bank loan facility is 4.62% (2013: 4.78%)

## Parent Entity

## NOTE 22 CONTRIBUTED EQUITY

## a) Shares

		2014 Shares	2013 Shares
Ordinary shares – fully paid	(b)	77,806,262	77,806,262
Total shares on issue		77,806,262	77,806,262
Less: Treasury shares deemed not issued	(f)	-	-
		<u>77,806,262</u>	<u>77,806,262</u>

## b) Movements in ordinary share capital

	Date	Number of Shares	Issue Price \$	\$'000
Balance as at 1 July 2004		1,400,170	1.00	1,400
Exercise of options	11 March 2005	82,010	10.09	828
Exercise of options	11 March 2005	18,002	10.09	182
Share issue	11 March 2005	662	45.32	30
Share split 45:1	11 March 2005	66,037,136	-	-
Share issue	14 April 2005	1,413,960	1.00	-
Employee share issue	14 April 2005	150,000	-	-
IPO share issue	14 April 2005	3,000,000	1.00	3,000
Share issue	9 June 2005	10,800,000	1.30	14,040
Employee share issue	10 June 2005	1,000	-	-
Less: transaction costs arising on share issue net of tax		-		(515)
Balance 30 June 2005		82,902,940		18,965
Capital offset	25 November 2005	-		(11,278)
Return of capital	25 November 2005	-		(2,825)
Transaction costs arising on share issue in the prior year net of tax		-		(35)
Balance 30 June 2006 and 2007		82,902,940		4,827
Share buy back **	9 December 2007	(4,189,023)		-
Share buy back **	17 December 2007	(51,000)		-
Share buy back **	17 March 2008	(2,536,991)		-
Share buy back **	25 March 2008	(30,000)		-
Balance 30 June 2008		76,095,926		4,827
Share Cancellation	30 June 2009	(1,413,960)		-
Balance at 30 June 2009 and 2010		74,681,966		4,827
Employee share issue *	21 December 2010	3,000,000		-
Balance at 30 June 2011 and 2012		77,681,966		4,827
Employee share issue ***	3 September 2012	1,333,334		-
Share buyback *	22 November 2012	(2,542,372)		-
Employee share issue ***	22 November 2012	1,333,334		-
Balance at 30 June 2013 and 2014		<u>77,806,262</u>		<u>4,827</u>

\* Refer to note 22(f)

\*\* Debited to Share Buy Back Reserve (note 24)

\*\*\* Refer to note 22(e)

**NOTE 22 CONTRIBUTED EQUITY (CONTINUED)****c) Ordinary shares**

Ordinary shares entitle the shareholders to participate in dividends and each share is entitled to one vote at shareholders' meetings. On the winding up of the Company, ordinary shareholders rank after creditors, and are fully entitled to any proceeds of liquidation.

**d) Dividend reinvestment plan**

The Company has adopted (but not implemented) a Dividend Reinvestment Plan under which holders of ordinary shares may elect to have all or part of their dividend entitlement satisfied by the issue of new ordinary shares rather than being paid cash. The Directors will advise shareholders prior to payment of a proposed dividend if the Dividend Reinvestment Plan will be operative in respect of that dividend.

**e) Shares under options**

4,000,000 options were granted in December 2008; they were to vest in equal tranches at the end of each of the financial years 2011, 2012 and 2013 and were subject to the achievement of performance based vesting conditions.

In both September 2012 and November 2012, 1,333,334 options were exercised for nil consideration. Full details of the exercise are included in the ASX announcements made on 7 September 2012 and 23 November 2012. The vesting conditions in relation to the final tranche of 1,333,332 options were not met and these options expired on 31 October 2013.

In May 2013, 2,800,000 new options were issued – they vest in equal tranches at the end of each of the financial years 2014 and 2015 and are subject to the achievement of performance based vesting conditions. The vesting conditions in relation to the first tranche of 1,400,000 options were not met and these options will expire in due course.

	<b>Number</b>	<b>Exercise Price</b>	<b>Exercise period</b>
At balance date, options have been granted over shares as follows:			
Options as at 1 July 2012	4,000,000		
Options exercised 3 September 2012	(1,333,334)		
Options exercised 22 November 2012	(1,333,334)		
Options issued 16 May 2013	2,800,000		
Options as at 30 June 2013	4,133,332		
Options expired 31 October 2013	(1,333,332)		
Options as at 30 June 2014	<u>2,800,000</u>	-	to 30/6/2015

**f) Treasury Shares**

The company loaned \$1,500,000 to the Executive Chairman, Mr Russell Tate, to subscribe for 3,000,000 fully paid shares in the capital of the company on interest free, unsecured and limited recourse terms. These shares were issued to Mr Tate on 7 December 2010, in accordance with a resolution of the shareholders at the Annual General Meeting held on 18 November 2010. The shares were subject to escrow arrangements that permitted the shares to be released from escrow on 30 June 2012. Proceeds from any sale of the shares after this date were to be applied to repay the loan made by the company. The employment agreement provided for the company to buy back and cancel some or all of the shares in circumstances where the agreement is terminated or expires without the principal amount having been repaid in full. On 22 November 2012, the Company bought back 2,542,372 Treasury shares from Mr Russell Tate for a total purchase price of \$1,500,000. The share price at exercise date was \$0.59 per share. The purchase price was paid by the Company by way of set off against the outstanding balance of the loan under the Loan Deed, with the effect that Mr Tate's loan was fully repaid. Full details of the buy-back are included in the ASX announcement made on 23 November 2012.

**NOTE 22 CONTRIBUTED EQUITY (CONTINUED)****g) Options**

(i) In connection with the extension of the Production Services Agreement with Alan Jones from 3 March 2010 to 30 June 2013, the Company granted 4,000,000 options (each to subscribe for one fully paid ordinary share in the Company) to Hadiac Pty Ltd. Hadiac is controlled by Alan Jones.

Number of options	4,000,000
Date of issue	19 December 2008
Issue price	Nil
Exercise price	Nil
The allottee of the options	Hadiac Pty Ltd

The options were issued on the following key terms:

- Each option entitled the holder to subscribe for one fully paid ordinary share in the Company.
- The options were divided into 3 tranches, being Tranche 1 of 1,333,334 options, Tranche 2 of 1,333,334 options and Tranche 3 of 1,333,332 options.
- The fair value of the share options granted was \$0.22 for Tranche 1, \$0.20 for Tranche 2 and \$0.18 for Tranche 3.
- Each tranche of options could vest in 2 sub-tranches (each sub-tranche being 50% of the relevant tranche) but only if the following respective vesting conditions were satisfied for the relevant sub-tranche:
  - Sub-tranche 1. The profit (EBITDA) of the breakfast shift for the 2011, 2012 and 2013 financial years respectively must be no less than the amount of the profit (EBITDA) for that shift in the 2010 financial year (uplifted by 5% cumulatively for the 2012 and 2013 financial years respectively).
  - Sub-tranche 2. The profit of the Company for the 2011, 2012 and 2013 financial years respectively must be no less than the profit set out in the Company's budget approved by the Board for those respective years.
  - If a liquidity event occurs (including a significant transaction involving more than 50% of the issued shares of the Company or a disposal of a major asset of the Company), all options will automatically vest excluding any options that have then already expired.
  - If a sub-tranche of a tranche of options vests following the satisfaction of the relevant vesting condition, the relevant sub-tranche may be exercised on and from the following dates:
    - Tranche 1 – 31 October 2011
    - Tranche 2 – 31 October 2012
    - Tranche 3 – 31 October 2013
  - If a sub-tranche of a tranche of options does not vest because the relevant vesting condition is not satisfied, then the relevant sub-tranche will expire on the following dates:
    - Tranche 1 – 31 October 2011
    - Tranche 2 – 31 October 2012
    - Tranche 3 – 31 October 2013

Each sub-tranche of options that did vest expired on 31 December 2013.

On both 3 September 2012 and 22 November 2012 1,333,334 options were exercised by Hadiac Pty Ltd for nil consideration in accordance with Tranche 1 and 2 of the agreement. The vesting conditions in relation to the final tranche of 1,333,332 options were not met and expired on 31 October 2013.

**NOTE 22 CONTRIBUTED EQUITY (CONTINUED)****g) Options (continued)**

(ii) In connection with the extension of the Production Services Agreement with Alan Jones from 1 July 2013 to 30 June 2015, the Company granted 2,800,000 options (each to subscribe for one fully paid ordinary share in the Company) to Hadiac Pty Ltd. Hadiac is controlled by Alan Jones.

Number of options	2,800,000
Date of issue	16 May 2013
Issue price	Nil
Exercise price	Nil
The allottee of the options	Hadiac Pty Ltd

The options were issued on the following key terms:

- Each option entitles the holder to subscribe for one fully paid ordinary share in the Company.
- The options are divided into 2 tranches, being Tranche 1 of 1,400,000 options and Tranche 2 of 1,400,000 options.
- The options in each of Tranche 1 and Tranche 2 will separately vest but only if the Net Operating Shift Profit of the breakfast shift for Year 1 or Year 2 respectively is more than the specified target.
- If a liquidity event occurs (including a significant transaction involving more than 50% of the issued shares of the Company or a disposal of a major asset of the Company), all options will automatically vest excluding any options that have then already expired.
- If a tranche of options vests following the satisfaction of the relevant vesting condition, the relevant tranche may be exercised on and from the following dates:
  - Tranche 1 – 30 June 2014
  - Tranche 2 – 30 June 2015
- If a tranche of options does not vest because the relevant vesting condition is not satisfied, then the relevant tranche will expire on the following dates:
  - Tranche 1 – 30 September 2014
  - Tranche 2 – 30 September 2015

Each sub-tranche of options that does vest will expire on 31 March 2016. The vesting conditions in relation to Tranche 1 were not met and these options will expire in due course.

	Balance at 1 July No.	Granted as compensation No.	Exercised No.	Expired No.	Balance at 30 June No.	Balance vested at 30 June No.	Vested but not exercisable No.	Vested and exercisable No.	Options vested during year No.
<b>2014</b>									
Hadiac Pty Ltd	4,133,332	-	-	(1,333,332)	2,800,000	-	-	-	-
<b>2013</b>									
Hadiac Pty Ltd	4,000,000	2,800,000	(2,666,668)		4,133,332	-	-	-	-



## NOTE 23 EARNINGS PER SHARE

	2014	2013
<b>a)</b> Basic earnings per share (cents per share)	7.61	11.87
<b>b)</b> Diluted earnings per share (cents per share) (i) (ii)	7.35	11.46
	\$	\$
<b>c)</b> Reconciliation of earning used in calculating earnings per share		
<i>Basic earnings per share</i>		
- profit from continuing operations	5,924,000	9,121,000
<i>Diluted earnings per share</i>		
- profit from continuing operations	5,924,000	9,121,000
	No	No.
<b>d)</b> Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	77,806,262	76,857,341
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	80,606,262	79,568,528
(i) The following potential ordinary shares are dilutive and therefore included in the weighted average number of ordinary shares for the purposes of diluted earnings per share:	2,800,000	1,678,537
(ii) The following shares deemed to be issued for no consideration in respect to in-substance option (treasury shares) are dilutive and therefore included in the weighted average number of ordinary shares for the purposes of diluted earnings per share:	-	541,357

	Notes	2014 \$'000	2013 \$'000
<b>NOTE 24 RESERVES</b>			
<b>Options reserve</b>	(a)		
Balance at the beginning of the year		183	171
Recognition of share based payments		82	12
Balance at the end of the financial year		<u>265</u>	<u>183</u>
<b>Share buy-back reserve</b>	(b)		
Balance at the beginning of the year		(6,010)	(6,010)
Balance at the end of the financial year		<u>(6,010)</u>	<u>(6,010)</u>
<b>Available-for-sale revaluation reserve</b>	(c)		
Balance at the beginning of the year		(9)	(7)
Valuation gain/(loss) recognised		19	(2)
Balance at the end of the financial year		<u>10</u>	<u>(9)</u>
		<u>(5,735)</u>	<u>(5,836)</u>

**Nature of reserves****(a) Options reserve**

The options reserve arises on the grant of share options to executives and senior employees.

**(b) Share buy-back reserve**

The share buy-back reserve comprises the consideration paid upon the on-market buy-back of the Company's shares.

**(c) Available-for-sale revaluation reserve**

Changes in the fair value of investments classified as available-for-sale are taken to the available-for-sale revaluation reserve, as described in Note 3. Amounts are recognised in the profit or loss when the associated assets are sold or impaired.

	2014 \$'000	2013 \$'000
<b>NOTE 25 RETAINED EARNINGS</b>		
<i>Movements in retained earnings were as follows:</i>		
Balance at the beginning of the year	21,583	17,537
Net profit for the year	5,924	9,121
Dividends	(7,780)	(5,075)
Balance at the end of the financial year	<u>19,727</u>	<u>21,583</u>

**NOTE 26 DIVIDENDS****a) Ordinary Shares**

Final franked dividend for the year ended 30 June 2013 of 5.0 cents (2012: 1.5 cents) per fully paid ordinary share paid on 20 September 2013	3,890	1,185
Interim franked dividend for the year ended 30 June 2014 of 5.0 cents (2013: 5.0 cents) per fully paid ordinary share paid on 14 March 2014	<u>3,890</u>	<u>3,890</u>
	<u>7,780</u>	<u>5,075</u>
Dividends proposed but not declared or recognised until after year end	<u>3,890</u>	<u>3,890</u>

**b) Franking credits**

Franking credits available for subsequent financial years based upon a tax rate of 30%	<u>5,276</u>	<u>5,959</u>
Impact on franking account balance of dividend proposed but not recognised	<u>(1,667)</u>	<u>(1,667)</u>

**NOTE 27 KEY MANAGEMENT PERSONNEL COMPENSATION**

The aggregate compensation made to Directors and other members of key management personnel of the Company and the Group is set out below:

	2014 \$	2013 \$
Short-term employee benefits	2,075,979	2,208,931
Post-employment benefits	491,341	77,243
Other long term benefits	20,318	(107)
	<u>2,587,638</u>	<u>2,286,067</u>

	2014 \$	2013 \$
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**NOTE 28 AUDITOR'S REMUNERATION**

During the year, the following remuneration was paid to the auditor of the parent entity:

**Assurance Services**

Audit and review of financial reports under the Corporations Act 2001 and other regulatory assurance services

179,330	178,750
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The auditor of Macquarie Radio Network Limited is Deloitte Touche Tohmatsu.

2014 \$'000	2013 \$'000
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**NOTE 29 CAPITAL AND LEASING COMMITMENTS****a) Operating lease commitments**

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable

- not longer than one year
- longer than one year but not longer than five years

839	691
1,527	2,049
<u>2,366</u>	<u>2,740</u>

Leasing Arrangements

Operating leases relate to office facilities with lease terms of between 1 to 15 years, with an option to extend for a further 5 years. All operating lease contracts contain market review clauses in the event the company/Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

**NOTE 30 RELATED PARTY TRANSACTIONS****a) Parent entities**

The parent entity within the Group is Macquarie Radio Network Limited.

**b) Key management personnel**

Disclosures relating to key management personnel are set out in Note 27 and in the Remuneration Report.

**c) Executive Shares**

On 22 November 2012 the Company bought back 2,542,372 Executive shares from Executive Chairman, Mr Russell Tate, for a total purchase price of \$1,500,000. Full details of the buy-back are included in note 22(f).

**d) Commission revenue**

During the year the Company entered into a marketing service arrangement with One Big Switch Pty Ltd in relation to the marketing and delivery of products, including insurance, to persons aged 50 years and over. The Company and One Big Switch share the commission revenue derived from this arrangement on an equal basis. One Big Switch Pty Ltd is considered a related party of the Company. Revenue in relation to the marketing arrangement has been recognised as revenue in Note 5. Amounts receivable at the year end in respect of the arrangement are included within receivables in Note 9.

2014	2013
\$'000	\$'000

**NOTE 31 CASH FLOW INFORMATION****a) Reconciliation of cash**

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash on hand and at bank	3,492	1,883
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**b) Reconciliation of cash flow from operations**

Profit from ordinary activities after income tax	5,924	9,121
Non-cash flows in operations:		
Movement in option reserve	82	12
Depreciation and amortisation	918	818
Bad debts expense	438	-
Interest on deferred consideration	-	107
Loss on disposal of plant and equipment	-	14
Contingent consideration reversal	-	(1,814)
Profit on sale of investment	(460)	-
Changes in assets and liabilities:		
Decrease in receivables	942	1,357
(Decrease)/Increase in doubtful debt provision	(200)	62
Decrease in other assets	64	63
(Decrease)/Increase to provisions	(66)	11
Movement in income tax balances	1,223	3,347
Decrease in trade payables and accruals	(569)	(1,126)
Cash flow generated by operations	8,296	11,972

**NOTE 32 FINANCIAL INSTRUMENTS****a) Capital risk management**

The Group manages its capital to ensure the entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2013.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 21, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. Operating cash flows are used to maintain and expand the Group's broadcasting and new media assets, as well as to make the routine outflows of tax and dividends.

The Group's policy is to borrow centrally, using its long-term credit facility, to meet anticipated funding requirements.

**Gearing ratio**

The gearing ratio at year end was as follows:

	2014 \$'000	2013 \$'000
<b>Financial assets</b>		
Debt (i)	14,750	13,750
Cash and cash equivalents	(3,492)	(1,883)
Net debt	11,258	11,867
Equity (ii)	18,819	20,574
Net debt to equity ratio	60 %	58 %

(i) Debt is defined as long- and short-term borrowings, as detailed in note 21.

(ii) Equity includes all capital and reserves.

**Externally imposed capital requirements**

The Group is required to maintain shareholder funds greater than \$14m having regard to the long term debt facility.

**b) Categories of financial instruments**

	2014 \$'000	2013 \$'000
<b>Financial assets</b>		
Trade and other receivables	10,845	12,147
Cash and cash equivalents	3,492	1,883
Available-for-sale financial assets	65	587
<b>Financial liabilities</b>		
Trade and other payables	4,512	5,083
Borrowings	14,750	13,750

**c) Financial risk management objectives**

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's performance. Risk management is carried out by the Board of Directors.

**d) Market risk**

The Group's activities expose it to the financial risks of changes in interest rates. In the last two financial years the Group has not used any derivative financial instruments to hedge its exposure to interest rate risk. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

**NOTE 32 FINANCIAL INSTRUMENTS (CONTINUED)****e) Interest rate risk management**

The Group is exposed to interest rate risk as the Group borrows funds at floating interest rates. The Group does not hedge this risk through derivatives such as interest rate swaps.

**Interest rate sensitivity analysis**

The sensitivity analysis below has been determined based on a 50 basis point change in interest rates taking place at the beginning of the financial year and held constant throughout the reporting period, which represents management's assessment of the possible change in interest rates. At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/decrease by \$69,000 (2013: increase/decrease by \$79,000).

**f) Credit risk management**

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and controlled by counterparty limits that are reviewed and approved by the Chief Financial Officer. Trade receivables consist of a large number of customers, spread across diverse industries throughout Australia. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

**g) Fair value of financial instruments**

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

**Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis**

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2014 \$'000	30 June 2013 \$'000				
Equity securities	65	47	Level 1	Quoted bid prices in an active market	N/A	N/A
Units in a unit trust	-	540	Level 2	Discounted cash flow analysis using prices from observable current market transactions	N/A	N/A

## NOTE 32 FINANCIAL INSTRUMENTS (CONTINUED)

## g) Fair value of financial instruments (continued)

**Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)**

The directors consider that the carrying amounts of the following financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values:

		<b>30 June 2014 \$'000</b>	<b>30 June 2013 \$'000</b>
<b>Financial assets</b>			
Trade and other receivables	Level 2	10,845	12,147
Cash and cash equivalents	Level 1	3,492	1,883
Available-for-sale financial assets	Level 1	65	587
<b>Financial liabilities</b>			
Trade and other payables	Level 2	4,512	5,083
Borrowings	Level 2	14,750	13,750

## h) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table at Note 21 details the company's and the Group's drawn and undrawn facilities.

**Liquidity and interest risk tables**

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Consolidated  
Liabilities

	<b>Weighted average effective interest rate %</b>	<b>Less than 1 month \$'000</b>	<b>1 - 3 months \$'000</b>	<b>3 months - 1 year \$'000</b>	<b>1 - 5 years \$'000</b>	<b>5+ years \$'000</b>
<b>2014</b>						
Non-interest bearing		-	4,512	-	-	-
Variable interest rate instruments	4.60%	-	170	511	15,431	-
		-	4,682	511	15,431	-
<b>2013</b>						
Non-interest bearing		-	5,083	-	-	-
Variable interest rate instruments	5.22%	-	164	493	14,407	-
		-	5,247	493	14,407	-



**NOTE 33 SEGMENT REPORTING**

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

**NOTE 34 PARENT ENTITY DISCLOSURES**

Set out below is the supplementary information about the Parent Entity.

**Financial Position**

	2014 \$'000	2013 \$'000
<b>Assets</b>		
Current assets	14,991	12,118
Non-current assets	2,145	2,968
Total assets	<u>17,136</u>	<u>15,086</u>
<b>Liabilities</b>		
Current liabilities	1,994	811
Non-current liabilities	14,750	13,750
Total liabilities	<u>16,744</u>	<u>14,561</u>
<b>Equity</b>		
Issued capital	4,827	4,827
Retained earnings	1,153	1,387
<b>Reserves</b>		
General reserve	147	147
Share buy-back reserve	(6,010)	(6,010)
Available-for-sale revaluation reserve	10	(9)
Options reserve	265	183
Total equity	<u>392</u>	<u>525</u>

**Financial performance**

Profit for the year	7,547	4,711
Other comprehensive loss	19	(2)
Total comprehensive income	<u>7,566</u>	<u>4,709</u>

**Contingent liabilities**

The Parent Entity had no contingent liabilities at 30 June 2014 and 30 June 2013.

**Significant accounting policies**

The accounting policies of the Parent Entity are consistent with those of the Consolidated Entity, as disclosed in note 3.

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity;
- (c) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in note 3 to the financial statements; and
- (d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



**Russell Tate**  
Chairman

Dated the 18<sup>th</sup> day of September 2014.

## **Independent Auditor's Report to the members of Macquarie Radio Network Limited**

### **Report on the Financial Report**

We have audited the accompanying financial report of Macquarie Radio Network Limited, which comprises the statement of financial position as at 30 June 2014, the statement profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 21 to 58.

#### *Directors' Responsibility 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 Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Macquarie Radio Network Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Opinion*

In our opinion:

- (a) the financial report of Macquarie Radio Network Limited is 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 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 12 to 18 of the directors' report for the year ended 30 June 2014. 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.

## *Opinion*

In our opinion the Remuneration Report of Macquarie Radio Network Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu  
DELOITTE TOUCHE TOHMATSU



Tara Hill  
Partner  
Chartered Accountants  
Sydney, 18 September 2014

**APPLICABLE AS AT 31 AUGUST 2014**
**DISTRIBUTION OF SHAREHOLDINGS**

Analysis of numbers of shareholders by size of holding as at 31 August 2014:

<b>Ordinary Shares</b>			
<b>Size of Holdings</b>	<b>Number of Holders</b>	<b>Number of Shares</b>	<b>% Issued Capital</b>
1 – 100	17	228	0.00
101 – 200	1	150	0.00
201 – 300	2	516	0.00
301 – 400	4	1,438	0.00
401 – 500	18	8,874	0.01
501 – 1,000	162	155,997	0.20
1,001 – 5,000	278	692,893	0.89
5,001 – 10,000	90	770,513	0.99
10,001 – 100,000	102	3,663,096	4.71
100,001 and over	15	72,512,557	93.20
<b>Total</b>	<b>689</b>	<b>77,806,262</b>	<b>100.00</b>

**TWENTY LARGEST SHAREHOLDERS**

The names of the twenty largest holders of shares as at 31 August 2014 are listed below:

<b>Ordinary Shares</b>			
<b>Rank</b>	<b>Name</b>	<b>Holding</b>	<b>%</b>
1	JOHN SINGLETON PROMOTIONS PTY LIMITED	55,356,705	71.15
2	PEC NOMINEES PTY LTD	12,151,485	15.62
3	HADIAC PTY LTD	2,166,668	2.78
4	MR RUSSELL KEITH TATE	457,628	0.59
5	DIXSON TRUST PTY LIMITED	433,652	0.56
6	MR RICHARD EWAN MEWS	433,652	0.56
7	CANELA HOLDINGS PTY LTD <CHARLES CASKEY SUPERFUND A/C>	255,000	0.33
8	LOZOTU PTY LIMITED <SUPERANNUATION FUND A/C>	247,000	0.32
9	MR RICHARD MEWS + MRS WEE KHOON MEWS <MEWS SUPER FUND A/C>	233,832	0.30
10	LOZOTU PTY LIMITED	194,000	0.25
11	MR PETER JAMES HAYMAN	150,000	0.19
12	ALLEGRA VENTURES PTY LTD <GEE SUPER FUND A/C>	123,772	0.16
13	ROOSTER BOOSTER PTY LIMITED	112,902	0.15
14	CAMERON WILLIAMS PTY LIMITED <SUPERANNUATION FUND ACCOUNT>	108,950	0.14
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	100,222	0.13
16	BOND STREET CUSTODIANS LIMITED <AHORTO - I31218 A/C>	100,000	0.13
17	MR GLEN COUTINHO <HAWGOOD P/L SPR B/FUND A/C>	100,000	0.13
18	HARLEY N PTY LTD <HARLEY SUPER FUND A/C>	100,000	0.13
19	HAWGOOD PTY LTD	100,000	0.13
20	M C DONNELLY HOLDINGS PTY LTD <M C DONNELLY SUPER FUND A/C>	100,000	0.13
<b>Total</b>		<b>73,012,557</b>	<b>93.84</b>

**SUBSTANTIAL SHAREHOLDERS**

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

Rank	Name	Ordinary Shares	
		Holding	%
1	John Singleton Promotions Pty Limited	55,356,705	71.15
2	PEC Nominees Pty Limited	12,151,485	15.62
<b>Total</b>		<b>67,508,190</b>	<b>86.77</b>

**UNRESTRICTED SECURITIES**

	Ordinary Shares	
	Number Held	Number of Holders
Unrestricted fully paid ordinary shares – quoted on ASX	<b>77,806,262</b>	596
<b>Total ordinary shares quoted on ASX</b>	<b>77,806,262</b>	<b>596</b>

**VOTING RIGHTS**

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

**SECURITIES EXCHANGE LISTING**

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

**SHAREHOLDER ENQUIRIES**

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

**Directors**

Russell Tate  
Max Donnelly  
Maureen Plavsic  
Jack Singleton  
Kate Thompson

**COMPANY SECRETARY**

Lisa Young

**AUDITORS**

Deloitte Touche Tohmatsu

**SOLICITORS**

Banki Haddock Flora  
Baker and McKenzie

**BANKER**

Australia and New Zealand Banking Group Limited

**SHARE REGISTRY**

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

**SECURITIES EXCHANGE LISTING**

The shares of Macquarie Radio Network Limited are listed on the Australian Securities Exchange Limited.

**HEAD OFFICE**

Level 1, 33-35 Saunders Street  
Pyrmont NSW 2009

**REGISTERED OFFICE**

Level 1, 33-35 Saunders Street  
Pyrmont NSW 2009

**ANNUAL GENERAL MEETING**

The Annual General Meeting of Macquarie Radio Network Limited is to be held on 13 November 2014 at the offices of Macquarie Radio Network, Level 1, Building C, 33-35 Saunders St, Pyrmont, Sydney, NSW commencing at 11 am.