



PRIME MEDIA GROUP LIMITED

ABN 97 000 764 867

ANNUAL REPORT

**YEAR ENDED
30 JUNE 2015**

Corporate Information

ABN 97 000 764 867

This annual report covers both Prime Media Group Limited ("the Company") as an individual entity and the consolidated entity comprising Prime Media Group Limited and its subsidiaries ("the Group"). The Group's functional and presentation currency is AUD (\$).

NAME	POSITION	DATE APPOINTED	DATE RESIGNED/RETIRED
<i>Directors:</i>			
John Kenneth Hartigan	Chairman	15 May 2014	-
Michael Stanley Siddle		17 April 1985	-
Alexander Andrew Hamill		2 October 2003	-
Ian Richard Neal		6 June 2008	-
Peter John Macourt		1 September 2014	-
Cass O'Connor		21 April 2015	-
Michael Hastings Hill		4 August 2015	-
Ian Craig Audsley	Chief Executive Officer	24 June 2010	-
Peter John Evans FCA		27 March 1991	20 November 2014
Ian Patrick Grier AM		6 June 2008	20 November 2014
Emma McDonald	Company Secretary	27 February 2012	-

Registered Office

363 Antill Street
Watson ACT 2602
Ph: 02 6242 3700

Share Register

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Ph: 1300 554 474

Prime Media Group Limited shares are listed on the Australian Securities Exchange (Listing Code PRT).

Bank

Australia and New Zealand Banking Group Limited (ANZ)

Auditors

Ernst & Young

Directors' Report

Your directors submit their report for the year ended 30 June 2015.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

John K. Hartigan

Non-Executive Chairman (appointed 15 May 2014)

Mr Hartigan headed News Corporation's Australian operations as Chairman and Chief Executive Officer of News Limited (now known as News Corp Australia). He was also a director of FOXTEL and chairman of Australian News Channel, which owns and operates Sky News. He has worked in advisory positions for the American Australian Association and the NSW Export and Investment Advisory Board. Mr Hartigan is a trustee of the Sydney Cricket and Sports Ground Trust, is Chairman of Destination NSW and is a director of the Australian Paralympic Committee.

Michael S. Siddle

Non-Executive Director (appointed 17 April 1985)

Mr Siddle has been a director of the Company since 1985 and was a member of the Audit and Risk Committee until 4 August 2015. He is also Chairman of Ramsay Health Care Limited and a trustee of the Paul Ramsay Foundation.

Alexander A. Hamill

Non-Executive Director (appointed 2 October 2003)

Mr Hamill has worked in marketing and advertising in Australia and globally for over 45 years. Mr Hamill was the media director of the Australian Olympic Team in Sydney, Athens and Beijing. Mr Hamill is a member of the Remuneration and Nomination Committee.

Ian R. Neal

Non-Executive Director (appointed 6 June 2008)

Mr Neal is a Chair for the Executive Connection and consults on business strategy and implementation from a perspective of maximising shareholder value. Mr Neal was co-founder and managing director of Nanyang Ventures Pty Limited from 1993 to 2004. Mr Neal's professional background is in financial markets, commencing as an equities analyst and moving to various banking positions until establishing Nanyang Ventures. Mr Neal is a life member of the Financial Services Institute of Australia, a previous National President of The Securities Institute of Australia and was a member of the first Corporate Governance Council which established the Corporate Governance Guidelines. Mr Neal is Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.

Peter J. Macourt

Non-Executive Director (appointed 1 September 2014)

Mr Macourt is currently Chairman of SKY Network Television Limited and Virtus Health Limited. He is also a former director and chief operating officer of News Limited and a former director of FOXTEL and Independent Newspapers Limited. Mr Macourt is Chairman of the Audit and Risk Committee and was a member of the Remuneration and Nomination Committee until 4 August 2015.

Directors' Report

Cass O'Connor

Non-Executive Director (appointed 21 April 2015)

Ms O'Connor has over 30 years' experience as a director of ASX listed companies, Federal and State government and unlisted entities. For the past 15 years she has managed her own successful corporate advisory company. Ms O'Connor is currently a Non-Executive Director of McGrath Limited and PS&C Limited, and a shareholder and director of multi-award winning Goalpost Pictures and other private entities. Ms O'Connor has previously worked for Deutsche Bank, Turnbull & Partners, Goldman Sachs (Australia), and Carnegie, Wylie & Company. Ms O'Connor was appointed a member of the Remuneration and Nomination Committee on 4 August 2015.

Michael H. Hill

Non-Executive Director (appointed 4 August 2015)

Mr Hill has more than 20 years' experience working on corporate and private equity transactions in Australia and the United Kingdom. He is a former partner of Ernst & Young and a Director of Ernst & Young Transaction Advisory Services Limited. In 2005 Mr Hill joined Ironbridge, a leading Sydney based private equity firm. Mr Hill is currently the Executive Chairman of rhipe Limited, Non-Executive Chairman of Ahalife Holdings Limited, HJB Corporation Limited and Modun Resources Limited, and a Non-Executive Director of JustKapital Limited. Mr Hill is a member of Chartered Accountants Australia and New Zealand and was appointed a member of the Audit and Risk Committee on 4 August 2015.

Ian C. Audsley

Chief Executive Officer (appointed 16 June 2010)

Executive Director (appointed 24 June 2010)

Mr Audsley has had over 30 years' experience in the television industry. He has held various senior roles at the Seven Network, Nine Network, TV3 New Zealand and Southern Cross Television.

Peter J. Evans FCA

Non-Executive Director (appointed 27 March 1991, retired 20 November 2014)

Mr Evans is a member of Chartered Accountants Australia and New Zealand, and was in public practice for over 20 years with predecessor firms of KPMG. He is Deputy Chairman of Ramsay Health Care Limited, having been a director since 1990 and is a trustee of the Paul Ramsay Foundation.

Ian P. Grier AM

Non-Executive Director (appointed 6 June 2008, retired 20 November 2014)

Mr Grier AM was an executive in the private health care industry for more than 20 years and Chief Executive Officer of Ramsay Health Care Limited for 14 years until June 2008, when he continued as a Non-Executive Director of that company. Mr Grier AM was appointed Chairman of the Estia Health Limited in November 2014.

Directors' Report

DIRECTORS' INTERESTS

The relevant interest of each director in the shares and performance rights issued by the Company at the date of this report is as follows:

NAME	ORDINARY SHARES	RIGHTS OVER ORDINARY SHARES
J.K. Hartigan	-	-
M.S. Siddle	984,082	-
A.A. Hamill	-	-
I.R. Neal	-	-
P.J. Macourt	-	-
C.A. O'Connor	-	-
M.H. Hill	-	-
I.C. Audsley	615,000	1,800,000

INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

No director has any interest in any contract or proposed contract with the Company other than as disclosed elsewhere in this report.

DIRECTORSHIPS IN OTHER LISTED ENTITIES

Directorships of other listed entities held by directors of the Company during the three years immediately before the end of the year are as follows:

DIRECTOR	COMPANY	Period of Directorship	
		From	To
P.J. Macourt	SKY Network Television Limited (Chairman)	August 2002	Present
	Virtus Health Limited (Chairman)	June 2013	Present
M.S. Siddle	Ramsay Health Care Limited (Chairman)	May 1975	Present
I.R. Neal	Dyesol Limited (Chairman)	September 2006	Present
C.A. O'Connor	PS&C Limited	11 October 2013	Present
M.H. Hill	rhipe Limited (Executive Chairman)	12 March 2013	Present
	Ahalife Holdings Limited (Non-Executive Chairman)	17 January 2014	Present
	HJB Corporation Limited (Non-Executive Chairman)	7 July 2014	Present
	Modun Resources Limited (Non-Executive Chairman)	January 2005	Present
	JustKapital Limited (Non-Executive Director)	28 July 2014	Present
	Ramsay Health Care Limited (Deputy Chairman)	June 1990	Present
P.J. Evans FCA	Ramsay Health Care Limited	June 1997	Present
I.P. Grier AM	Estia Health Limited (Chairman)	November 2014	Present

COMPANY SECRETARY

Ms Emma McDonald was appointed Company Secretary on 27 February 2012. She has been a solicitor for the past 23 years, having worked in a number of large media companies and for a major law firm. She also holds the role of General Counsel for Prime Media Group Limited.

Directors' Report

EARNINGS PER SHARE

	Cents
Basic earnings per share	9.7
Basic earnings per share – continuing operations	9.7
Diluted earnings per share	9.7
Diluted earnings per share – continuing operations	9.7

DIVIDENDS

	Cents	\$'000
Final dividend recommended:		
- on ordinary shares	3.0	10,990
Dividends paid in the year:		
<i>Interim for the year</i>		
- on ordinary shares	3.8	13,921
<i>Final for 2014 shown as recommended in the 2014 financial report</i>		
- on ordinary shares	2.8	10,257

Directors' Report

PRINCIPAL ACTIVITIES

The principal activities of Prime Media Group Limited during the year were the provision of free to air commercial television broadcasting services in the following regional areas (excluding capital cities):

- Northern New South Wales and the Gold Coast;
- Southern New South Wales and the Australian Capital Territory;
- Victoria and Mildura; and
- Western Australia.

The majority of the Group's television programming is supplied through an affiliation agreement with the Seven Network and broadcast in regional areas under the PRIME7 brand on the east coast and the GWN7 brand in regional Western Australia.

OPERATING AND FINANCIAL REVIEW

Consolidated Results from Continuing Operations and Discontinued Operations

The Group's consolidated net profit after tax from continuing and discontinued operations attributable to the members of Prime Media Group Limited for the year ended 30 June 2015 of \$35,621,000 (2014: \$33,852,000) represents an increase of \$1,769,000 or 5.2% on the previous corresponding period.

Statutory Results from Continuing Operations

The Company's statutory consolidated net profit after tax from continuing operations attributable to the members of Prime Media Group Limited for the year ended 30 June 2015 was \$35,621,000 (2014: \$31,188,000), which represents an increase of \$4,433,000 or 14.2% on the previous corresponding period. The following non-core items increased the Company's statutory net profit after tax by \$2,208,000:

- Gain on sale of surplus property at Wagga Wagga, New South Wales of \$1,157,000;
- Non-cash revenue of \$1,501,000 to recognise broadcast equipment received under a Federal Government program to restack digital television services and cease television broadcasting in the digital dividend band (694- 820 MHz). The program was completed in the current reporting period.

Revenue from continuing operations of \$258,813,000 was down 0.6% or \$1,464,000 compared to the previous corresponding period. The Group derives its primary source of revenue from the sale of television advertising. During the reporting period, the Company improved its revenue share in the combined aggregated market of Northern New South Wales, Southern New South Wales and Victoria by 1.3 share points. As a result, revenue from television advertising fell by only 0.7% despite the market falling by 3.9% on the previous corresponding period.

The Group's gross profit margin from continuing operations was 46.4% compared to 47.0% in the previous corresponding period. The decline in gross profit margin was largely due to increases in program affiliation costs and other sales related costs.

The Group's total operating expenses of \$53,038,000 were \$4,257,000 or 7.4% down on the previous corresponding period, mainly due to a reduction in broadcast and transmission expenses. Employee costs of \$38,823,000, represents an increase of \$42,000 or 0.1% on the previous corresponding period.

Finance costs of \$4,987,000 were 23.3% less than the previous corresponding reporting period, largely due to lower average debt levels.

Directors' Report

Discontinued Operations

There were no discontinued operations in the current year. In the previous corresponding period, the Group completed the sale of its radio business on 30 August 2013, which resulted in a gain on sale from radio operations of \$2,302,000. Revenue from discontinued radio operations for the two month period to the date of sale was \$3,499,000, resulting in a net profit after tax of \$362,000.

Core Net Profit After Tax

Core net profit after tax and before specific items was \$33,468,000 (2014: \$33,395,000), representing an increase of \$73,000 or 0.2% on the previous corresponding period. The prior year result included the Group's Radio operations for a 2 month period. The Group's final dividend has been declared based on the core net profit after tax as follows:

	2015 \$'000	2014 \$'000
Reported profit after tax from continuing operations	35,621	31,188
Reported profit after tax from discontinued operations	-	2,664
	35,621	33,852
Digital Restack Program Revenue (non-cash)	(1,501)	-
Gain on sale of surplus assets	(1,157)	(2,302)
Redundancies	78	626
Derecognise deferred tax asset carried for New Zealand tax losses	-	1,296
Depreciation of decommissioning costs	-	604
Fair value change in receivable – deferred contingent consideration	-	(493)
Income tax expense/(benefit) related to specific items	427	(188)
Core net profit after tax from continuing and discontinued operations, and before specific items	\$33,468	\$33,395

Shareholder Returns

The Company's total shareholder return has fallen during the reporting period notwithstanding that most other financial measures improved in the current year. The closing share price at 30 June 2015 was \$0.69 (2014: \$1.05).

	2015	2014
Core Earnings Per Share (cents per share)*	9.1	9.1
Statutory Earnings Per Share (cents per share)	9.7	9.2
Core Return on Assets (ROA) %*	11.0	10.5
Statutory Return on Assets (ROA) %	11.7	10.7
Weighted Average Cost of Capital (pre-tax) (%)	10.95	10.96
Core Return on Equity (ROE) (%)*^	19.2	20.6
Statutory Return on Equity (ROE) (%)	20.5	20.9
Net Debt / Net Debt + Equity Ratio (%)	31.2	39.7
Share price (\$)	0.69	1.05
Dividends per share (cents)	6.8	6.8
Total Shareholder Return (%)	(27.8)	10.7

* These returns have been calculated using core net profit after tax as set out at Note 9(d) of this report.

^ Equity has been normalised for the impact of items disclosed as specific items.

Directors' Report

Statement of Financial Position and Cash Flow

During the reporting period, the Group's operating cash flows increased by \$15,409,000 to \$57,970,000. The increase in operating cash flows was primarily due to improved management of working capital and reductions in income tax and borrowing costs. The reduction in income tax was due to a one-off deduction for program rights acquired in the previous corresponding period. The reduction in borrowing costs was due to lower average interest bearing debt for the year.

Net cash flows used in investing activities of \$4,544,000 (2014 (from) \$8,807,000) related to capital expenditure, mainly for broadcast and computer equipment totalling \$5,839,000. Net cashflows from investing activities included the proceeds from the sale of surplus property in Wagga Wagga, New South Wales.

A further \$605,000 was used to fund Prime's interest in associates, being ventures with WIN Corporation to broadcast the TEN television signal in Mildura and regional Western Australia.

Capital Structure

The Company's secured bank loan facility with the ANZ decreased to \$88,064,000 as at 30 June 2015 (2014: \$118,727,000). The Group continues to comfortably operate within the terms of its debt facility with the ANZ, which matures March 2018.

	2015 \$'000	2014 \$'000
Interest-bearing loan and finance lease contracts	88,736	119,645
Cash and short term deposits	(9,837)	(12,722)
Net debt	78,899	106,923
Total equity	173,876	162,240
Total capital employed	252,775	269,163
Gearing	31.2%	39.7%

The profile of the Group's debt finance is as follows:

	2015 \$'000	2014 \$'000
Current		
Obligations under finance leases	270	246
	270	246
Non-current		
Obligations under finance leases	402	672
Secured bank loan facility	88,064	118,727
	88,466	119,399
Total interest bearing liabilities	\$88,736	\$119,645

RISK MANAGEMENT

The Group's approach to risk management is addressed in the Corporate Governance Statement, which is available on the Company's website www.primemedia.com.au. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

Directors' Report

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of strategic plans, which encompass the Group's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk; and
- implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including monitoring of financial and non-financial Key Performance Indicators ('KPIs').

As part of its risk management framework, the Company has identified the following key risks that may affect the Group's financial performance:

- fluctuations in consumer demand that impact advertising revenues, which the Company manages by ensuring it continues to maintain a strong advertising sales team and strong relationships with advertisers and agencies;
- change to the operating, market or regulatory environment as a result of changes in government media policy, which the Company seeks to manage by engaging with policy-makers and stakeholders to ensure that the interests of the Company and its security holders are represented; and
- impact of new media technologies, which the Company monitors to assess and manage its risk.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the Group's state of affairs.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 28 July 2015, the Company announced that it had begun broadcasting the Victorian Racing.com racing network to the viewing areas of regional Northern New South Wales, Gold Coast, Southern New South Wales, the Australian Capital Territory, Victoria and Western Australia on Channel 68.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Board and Executive consider that the future performance of the Group will be influenced by the outlook for television advertising in regional Australia and changes in media technologies that may result in new entrants accessing advertising markets and consumers in regions where the Group holds licences to broadcast free-to-air television. The Company is of the view that changes in legislation specific to the media industry are required to optimise returns to shareholders.

PERFORMANCE RIGHTS (EQUITY)

Unissued shares

At the date of this report there were 4,527,438 (2014: 3,976,000) unissued ordinary shares under the Prime Media Group Limited Performance Rights Plan that are yet to vest. Refer to Note 27 of the financial statements for further information.

Performance rights holders do not have any right, by virtue of the performance right, to participate in any share issue of the Company or any related body corporate.

Shares issued or acquired as a result of the exercise of performance rights

During the financial year, 966,000 ordinary shares were acquired on market by the Trustee of the Prime Media Group Limited Performance Rights Plan as a result of the vesting and exercise of rights under the Plan.

Directors' Report

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

In accordance with the *Corporations Act 2001*, the directors disclose that the Company has a Directors' and Officers' Liability policy covering each of the directors and certain executive officers for liabilities incurred in the performance of their duties and as specifically allowed under the *Corporations Act 2001*. During the year, the Company paid premiums totalling \$107,850 (2014: \$107,500) in relation to the Directors' and Officers' Liability policy. The terms of the policy specifically prohibit the disclosure of any other details relating to the policy. The Company has also executed a deed of access, indemnity and insurance with Directors and Officers in their capacity for the Company, its subsidiaries and related parties.

INDEMNIFICATION OF AUDITORS

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

DIRECTORS' MEETINGS AND COMMITTEE MEMBERSHIP

The number of meetings of directors, including meetings of committees of directors, held during the year and the numbers of meetings attended by each Director were as follows:

	Board Meetings	Audit and Risk Committee Meeting	Strategy Committee	Remuneration and Nomination Committee Meeting
Number of meetings held:	8	3	5	4
Number of meetings attended:				
J.K. Hartigan [^]	8	-	5	-
M.S. Siddle ^{^^}	7	1	-	-
A.A. Hamill	7	-	-	1
I.R. Neal	8	3	4	4
P.J. Macourt (Appointed 1 Sept 2014)*	6	2	5	3
C.A. O'Connor (Appointed 21 April 2015)*	2	-	1	-
I.C. Audsley	8	-	5	-
P.J. Evans FCA (Retired 20 Nov 2014)*	5	1	-	1
I.P. Grier AM (Retired 20 Nov 2014)*	5	1	-	1

* indicates maximum number of meetings the director was eligible to attend during the period.

[^] attended the Remuneration and Nomination Committee meetings held on 21 August 2014 and 10 April 2015.

^{^^} attended the Remuneration and Nomination Committee meeting held on 20 February 2015.

Directors' Report

REMUNERATION REPORT (AUDITED)

The Board is pleased to present the Remuneration Report for the year ended 30 June 2015 which outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
4. Executive remuneration outcomes for 2015 (including link to performance)
5. Executive contracts
6. Non-executive directors' remuneration arrangements (including statutory remuneration disclosures)
7. Additional statutory disclosures

1. Introduction

The Remuneration Report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise).

For the purposes of this report, the term 'executive' includes the Chief Executive Officer (CEO), executive directors, senior executives, and secretaries of the Company and the Group.

Details of Key Management Personnel of the Company and Group are set out below:

(i) Directors

J.K. Hartigan	Chairman (non-executive)
M.S. Siddle	Deputy Chairman (non-executive)
A.A. Hamill	Director (non-executive)
I.R. Neal	Director (non-executive)
P.J. Macourt	Director (non-executive appointed 1 September 2014)
C.A. O'Connor	Director (non-executive appointed 21 April 2015)
I.C. Audsley	Director (Chief Executive Officer)
P.J. Evans FCA	Director (non-executive retired 20 November 2014)
I.P. Grier AM	Director (non-executive retired 20 November 2014)

(ii) Executives

D. Walker	Group General Manager Sales and Marketing
J. Palisi	Chief Financial Officer (CFO)
S. Wood	Group General Manager Operations
E. McDonald	General Counsel and Company Secretary
A. Hogarth	General Manager Network Sales

As previously reported, Mr Michael Hill was appointed as a non-executive director after the reporting date and before the date the financial report was authorised for issue.

Directors' Report

2. Remuneration Governance

Remuneration and Nomination Committee

The Board has appointed a Remuneration and Nomination Committee consisting of three independent non-executive directors (NEDs) to, amongst various responsibilities, review and make recommendations to the Board regarding the Group's:

- executive management remuneration and incentives;
- executive management performance against agreed performance targets; and
- the remuneration framework for directors.

The Remuneration and Nomination Committee meets throughout the year. The CEO and Company Secretary have attended certain Remuneration and Nomination Committee meetings by invitation, where management input is required. The CEO and Company Secretary are not present during any discussions relating to their own remuneration arrangements. Further information on the Remuneration and Nomination Committee's role, responsibilities and membership is available at www.primemedia.com.au.

Remuneration Consultants

To ensure the Board is fully informed when making decisions, the Remuneration and Nomination Committee has formalised policies that govern arrangements to engage independent remuneration consultants to provide independent advice and, where required, to make remuneration recommendations, free from the undue influence by members of the KMP.

Godfrey Remuneration Group (GRG) was engaged during the reporting period to provide advice on various remuneration issues and to value rights issued under the Prime Media Group Performance Rights Plan. The Committee is satisfied that the advice received from GRG is free from undue influence from members of the KMP. GRG's fees in the current reporting period totalled \$9,350 (2014: \$30,000).

CRA Plan Managers Pty Limited also provided remuneration services to the Group in the previous corresponding period and received fees totaling \$5,732.

3. Executive Remuneration Arrangements

Remuneration Principles and Strategy

The Company's executive remuneration strategy aims to attract, motivate and retain high performing individuals and align the interests of executives and shareholders.

To this end, key objectives of the Company's reward framework are to ensure that remuneration practices:

- are aligned to the Group's business strategy;
- offer competitive remuneration benchmarked against the external market;
- provide strong linkage between individual and Group performance and rewards; and
- align the interest of executives and shareholders.

Directors' Report

Remuneration Component	Vehicle	Purpose	Link to performance
Fixed remuneration	<ul style="list-style-type: none"> Represented by total employment cost (TEC); Comprises base salary, superannuation contributions and other discretionary and non-discretionary benefits. 	<ul style="list-style-type: none"> To provide competitive fixed remuneration set with reference to role, market and experience. 	<ul style="list-style-type: none"> Company and individual performance are considered during the annual review process.
STI component	<ul style="list-style-type: none"> Paid in cash. 	<ul style="list-style-type: none"> Rewards executives for their contribution to achievement of Group and business unit outcomes, as well as individual Key Performance Indicators (KPIs). 	<ul style="list-style-type: none"> EBITDA; Core NPAT; Divisional financial performance; Operational performance; Power ratio; and Risk management including commitment to Work Health Safety.
LTI component	<ul style="list-style-type: none"> Awards are made in the form of performance rights. 	<ul style="list-style-type: none"> Rewards executives for their contribution to the creation of shareholder value over the longer term. 	<ul style="list-style-type: none"> Performance rights are subject to achieving core EPS and power ratio targets.

Approach to setting remuneration

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and aligned with market practice.

The Remuneration and Nomination Committee reviews TEC annually against the median of its direct industry peers and other Australian listed entities of a similar size and complexity. KMP remuneration is benchmarked against industry peers and remuneration levels reviewed having regard for market data, insights into remuneration trends, the performance of the Company and individual, and the broader economic environment.

Detail of incentive plans

Short Term Incentives (STI)

The Group operates an annual STI program that is available to key management personnel and awards a cash bonus subject to attainment of clearly defined Group, business unit and individual measures.

The actual STI payments awarded to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of KPIs covering financial and non-financial, corporate and individual measures of performance. A summary of the measures and weightings is set out below:

Performance measures	Group and Divisional Financial Performance measures:	Group and Divisional Financial Performance measures:	Non-Financial Measures:
	<ul style="list-style-type: none"> Core NPAT Group EBITDA Expense management 	<ul style="list-style-type: none"> Power Ratio Revenue Yield Revenue generation 	<ul style="list-style-type: none"> Strategic Risk Management including commitment to Work Health Safety Business Development and Growth Initiatives
CEO	60%	-	40%
Other functional executives	0-70%	0-75%	0-70%

Directors' Report

On an annual basis, after consideration of performance against KPIs, the Remuneration and Nomination Committee, in line with their responsibilities, determine the amount, if any, of the STI paid to each executive. This process usually occurs within three months after the reporting date. Payments made are delivered as a cash bonus in the following reporting period.

Long Term Incentives (LTI)

LTI awards to executives are made annually under the Prime Media Group Limited Performance Rights Plan. The cumulative allocations represent less than 1.5% of the undiluted capital of the Group with a maximum income cost of \$3,001,163 (2014: \$2,718,142). The performance rights are available over a 36 month vesting period subject to continuing service and achieving the following targets:

- 60% of the rights will be subject to achievement of annual core earnings per share (EPS) targets; and
- 40% of the rights will be subject to achievement of annual power ratio targets (revenue share: audience share).

The exercise price of the performance rights is nil. The rights will lapse 30 days after vesting date.

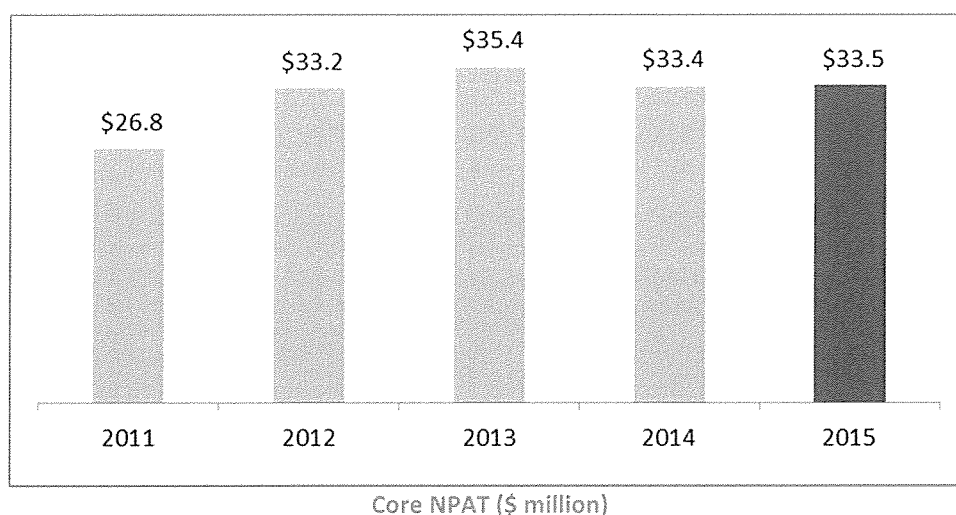
4. Executive Remuneration Outcomes for 2015 (including link to performance)

Company performance and its link to short term incentives

The financial performance measures driving STI payment outcomes are:

- core NPAT (defined as NPAT before specific non-core items); and
- a power ratio greater than 1. The power ratio is a measure of the Group's share of revenue to the Group's share of audience. A power ratio greater than 1 indicates that the Group is performing ahead of its audience share.

The following chart shows the Group's core NPAT (\$million) for the 5 year period ended 30 June 2015. Core NPAT is defined as statutory net profit after tax and before non-core items.



STI Awards 2014 and 2015 Financial Years

For the 2014 financial year, 100% of the STI cash bonus pool of \$1,086,246 as previously accrued in that period vested to key management personnel and was paid in the 2015 financial year.

Directors' Report

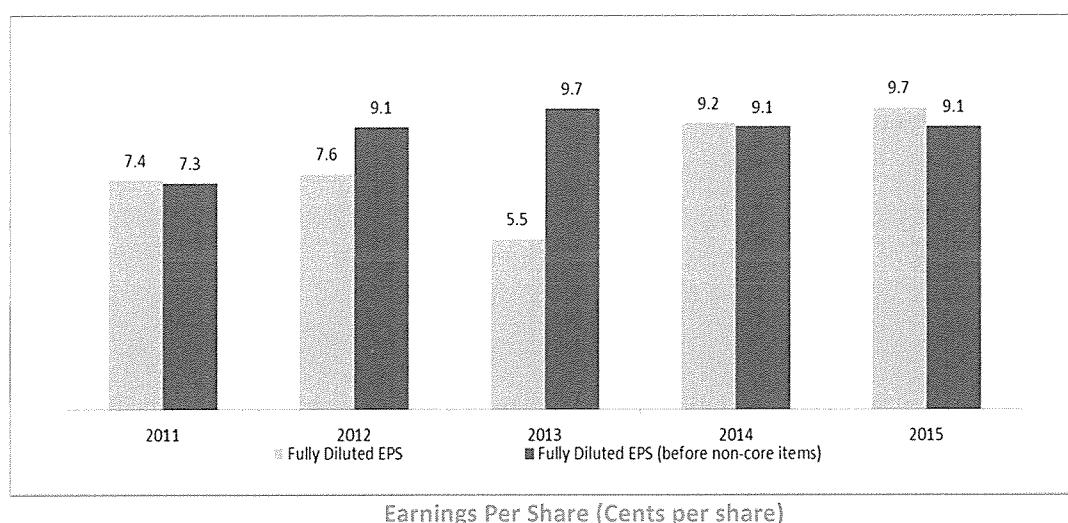
The Remuneration and Nomination Committee will consider the STI payments for the 2015 financial year in the first quarter of the 2016 financial year. The maximum STI cash bonus available for the 2015 financial year is \$1,307,033. STI payments have been accrued at 100% of the maximum cash bonus available for the 2015 financial year based on individual executive's actual performance against KPIs. Any adjustments between the actual amounts to be paid as determined by the Remuneration and Nomination Committee and the amounts accrued will be adjusted in the 2016 financial year. The minimum amount of the STI cash bonus, assuming that no executives meet their respective KPIs for the 2015 financial year, is nil.

Company Performance and its link to long term incentives

The Company has adopted the following performance measures for the vesting of LTI performance rights:

- core EPS (defined as statutory EPS before specific non-core items); and
- maintenance or growth of the power ratio greater than 1.

The following chart shows the Company's core EPS over the 5 year period from 1 July 2010 to 30 June 2015. Core EPS is defined as statutory EPS before non-core items.



LTI awards

During the financial year, 966,000 ordinary shares were acquired on market by the Trustee of the Prime Media Group Limited Performance Rights Plan as a result of the vesting and exercise of rights under the Plan. The LTI remuneration for each KMP is set out in within Table 1 and 2 of this section.

Directors' Report

Remuneration of Key Management Personnel of the Company and the Group

Table 1: Remuneration for the year ended 30 June 2015

	SHORT-TERM BENEFITS			POST EMPLOYMENT		LONG-TERM BENEFITS		EQUITY SETTLED SHARE BASED PAYMENTS		PERFORMANCE RELATED
	Salary & Fees for Parent Entity ¹	Cash Bonus	Non-cash Benefits ²	Superannuation	Other long term benefits ³					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors										
J.K Hartigan (Chairman)	183,066	-	-	17,391	-	-	-	-	200,457	0.0%
M.S Siddle	94,495	-	-	8,977	-	-	-	-	103,472	0.0%
A.A Hamill	95,000	-	-	-	20,000	-	-	-	115,000	0.0%
I.R Neal	95,000	-	-	-	-	-	-	-	95,000	0.0%
P.J Macourt	71,743	-	-	6,816	-	-	-	-	78,559	0.0%
C.A O'Connor	16,351	-	-	1,553	-	-	-	-	17,904	0.0%
P.J Evans FCA	34,642	-	-	3,291	-	-	-	-	37,933	0.0%
I.P Grier AM	34,642	-	-	3,291	-	-	-	-	37,933	0.0%
Total non-executive directors	624,939	-	-	41,319	20,000	-	-	-	686,258	0.0%
Executive directors										
I. Audsley	818,299	500,000	-	18,783	9,300	-	-	411,432	1,757,814	51.9%
Key management personnel										
D. Walker	440,703	288,533	5,673	18,783	5,993	-	-	170,054	929,739	49.3%
S. Wood	370,130	115,000	-	18,783	4,640	-	-	150,674	659,227	40.3%
E. McDonald	376,575	110,000	-	18,783	2,713	-	-	122,329	630,400	36.9%
J. Palisi	330,541	143,500	-	18,783	4,465	-	-	143,115	640,404	44.8%
A. Hogarth	294,099	150,000	-	18,783	7,646	-	-	81,951	552,479	42.0%
Total executive KMP	2,630,347	1,307,033	5,673	112,698	34,757	-	-	1,079,555	5,170,063	
TOTAL	3,255,286	1,307,033	5,673	154,017	54,757	-	-	1,079,555	5,856,321	

¹ The amounts disclosed under this category include the increase in annual leave accrued for each KMP during the year by virtue of their service.

² Grossed Up Reportable Value.

³ The amounts disclosed under this category represents amounts that accrued to each KMP during the year by virtue of their service and do not represent payments made.

Directors' Report

Table 2: Remuneration for the year ended 30 June 2014

	SHORT-TERM BENEFITS			POST EMPLOYMENT		LONG-TERM BENEFITS		EQUITY SETTLED		PERFORMANCE RELATED
	Salary & Fees for Parent Entity ¹	Cash Bonus	Non-cash Benefits ²	Superannuation	Other long term benefits ³		SHARE BASED PAYMENTS	TOTAL		
					\$	\$			\$	
Non-executive directors										
P.J Ramsay AO (Chairman)	103,492	-	-	9,573	-	-	-	113,065	0.0%	
J.K Hartigan (Chairman)	21,827	-	-	2,019	-	-	-	23,846	0.0%	
M.S Siddle (Deputy Chairman)	94,495	-	-	8,741	-	-	-	103,236	0.0%	
P.J Evans FCA	70,872	-	-	6,556	-	-	-	77,428	0.0%	
A.A Hamill	77,428	-	-	-	12,028	-	-	89,456	0.0%	
I.P Grier	70,872	-	-	6,556	-	-	-	77,428	0.0%	
I.R Neal	77,428	-	-	-	-	-	-	77,428	0.0%	
Total non-executive directors	516,414	-	-	33,445	12,028	-	-	561,887	0.0%	
Executive director										
I. Audsley	833,660	500,000	8,780	17,775	7,372	344,005	-	1,711,592	49.3%	
Key management personnel										
D. Walker	367,453	244,246	6,876	17,775	2,021	132,440	-	770,811	48.9%	
S. Wood	363,714	110,000	-	17,775	3,809	116,436	-	611,734	37.0%	
E. McDonald	377,553	100,000	-	17,775	1,240	65,333	-	561,901	29.4%	
J. Palisi	360,231	132,000	-	17,775	2,336	86,119	-	598,461	36.4%	
Total executive KMP	2,302,611	1,086,246	15,656	88,875	16,778	744,333	-	4,254,499		
TOTALS	2,819,025	1,086,246	15,656	122,320	28,806	744,333	-	4,816,386		

¹ The amounts disclosed under this category include the increase in annual leave accrued for each KMP during the year by virtue of their service.

² Grossed Up Reportable Value.

³ The amounts disclosed under this category represents amounts that accrued to each KMP during the year by virtue of their service and do not represent payments made.

Directors' Report

Table 3: Prime Media Group Limited Performance Rights Plan

GRANTED			TERMS AND CONDITIONS FOR EACH GRANT					VESTED
2015	Number	Grant Date	Fair Value per performance right at grant date	Exercise price per performance right	Expiry Date	First Exercise Date	Last Exercise Date	Number
Director								
I. Audsley	600,000	20/11/2014	\$0.6590	\$0.00	20/12/2017	20/11/2017	20/12/2017	-
I. Audsley	-	23/11/2011	-	-	-	-	-	615,000
Executive								
S. Wood	200,000	27/8/2014	\$0.8100	\$0.00	26/9/2017	27/8/2017	26/9/2017	-
S. Wood	-	30/9/2011	-	-	-	-	-	167,000
D. Walker	217,438	27/8/2014	\$0.8100	\$0.00	26/9/2017	27/8/2017	26/9/2017	-
D. Walker	-	30/9/2011	-	-	-	-	-	184,000
J. Palisi	200,000	27/8/2014	\$0.8100	\$0.00	26/9/2017	27/8/2017	26/9/2017	-
E. McDonald	200,000	27/8/2014	\$0.8100	\$0.00	26/9/2017	27/8/2017	26/9/2017	-
A. Hogarth	100,000	27/8/2014	\$0.8100	\$0.00	26/9/2017	27/8/2017	26/9/2017	-
TOTAL	1,517,438							966,000

GRANTED			TERMS AND CONDITIONS FOR EACH GRANT					VESTED
2014	Number	Grant Date	Fair Value per performance right at grant date	Exercise price per performance right	Expiry Date	First Exercise Date	Last Exercise Date	Number
Director								
I. Audsley	500,000	19/11/2013	\$0.8410	\$0.00	19/12/2016	19/11/2016	19/12/2016	-
Executive								
S. Wood	200,000	19/11/2013	\$0.8410	\$0.00	19/12/2016	19/11/2016	19/12/2016	-
D. Walker	230,000	19/11/2013	\$0.8410	\$0.00	19/12/2016	19/11/2016	19/12/2016	-
J. Palisi	200,000	19/11/2013	\$0.8410	\$0.00	19/12/2016	19/11/2016	19/12/2016	-
E. McDonald	200,000	19/11/2013	\$0.8410	\$0.00	19/12/2016	19/11/2016	19/12/2016	-
TOTAL	1,330,000		\$0.8410	\$0.00			-	-

Directors' Report

Table 4: Value of performance rights granted, exercised, lapsed or cancelled during the year

	Value of performance rights granted during the year [^] \$	Value of performance rights exercised during the year* \$	Value of performance rights lapsed during the year \$	Value of performance rights cancelled during the year \$
I. Audsley	395,400	533,998	-	-
D. Walker	176,342	184,920	-	-
S. Wood	162,200	167,835	-	-
J. Palisi	162,200	-	-	-
E. McDonald	162,200	-	-	-
A. Hogarth	81,100	-	-	-
TOTAL	1,139,442	886,753	-	-

[^] Determined at the time of grant per AASB 2.

* Determined at the time of exercise.

For details on the valuation of the performance rights, including models and assumptions used, please refer to Note 27. There were no alterations to the terms and conditions of performance rights granted as remuneration since their grant date. The maximum grant payable assuming that all service and performance criteria were met, was equal to the number of rights granted multiplied by the fair value at the grant date. The minimum payable assuming that service and performance criteria were not met was nil.

5. Executive Contracts

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below:

Chief Executive Officer (CEO)

During the reporting period, Mr Audsley, was employed under a rolling contract as follows:

- The CEO receives total fixed remuneration of \$800,000 per annum;
- The CEO's maximum STI opportunity is 65% of annual TEC;
- The CEO is eligible to participate in the Prime Media Group Limited Performance Rights Plan on terms determined by the Board, subject to prior shareholder approval, as required;
- The CEO is entitled to 6 weeks annual leave;
- The CEO may resign from his position and terminate his contract by giving 12 months written notice. The Company may elect to provide 12 months payment in lieu of the notice period, or a combination of notice and payment in lieu of notice. Payment in lieu of notice will be based on fixed remuneration;
- The CEO's employment may be terminated by the Company providing 12 months written notice. The Company may elect to provide 12 months payment in lieu of the notice period, or a combination of notice and payment in lieu of notice. Payment in lieu of notice will be based on fixed remuneration and any short term incentive amounts for the prior year;
- The CEO's employment contract may be terminated by the Company at any time without notice if serious misconduct has occurred. Where termination with cause occurs the CEO is only entitled to that portion of his remuneration contract that is fixed, and only to the date of termination; and
- The Company or the CEO may terminate the contract within 12 months of the Company ceasing to be listed on the official list of the Australian Securities Exchange (ASX) or a material diminution in the CEO's functions, status or duties. In these circumstances, the Company must provide 12 months written notice or 12 months payment in lieu of notice, or a combination thereof.

Directors' Report

Other Key Management Personnel

During the reporting period, Mr Walker, Group General Manager Sales and Marketing, was employed on a fixed term contract that commenced on 1 July 2014. The Group General Manager Sales and Marketing's employment may be terminated by the Company at any time without notice if serious misconduct has occurred. Where termination with cause occurs Mr Walker is only entitled to that portion of his remuneration contract that is fixed, and only to the date of termination.

Mr Hogarth, General Manager Network Sales, is employed under a rolling contract with no fixed term. Mr Hogarth's employment may be terminated by either party providing 12 months written notice or payment in lieu of notice (based on the fixed component of his remuneration and at the discretion of the Company). The Company may terminate the contract for performance by (at its discretion) giving 6 months written notice or 3 months written notice where the Company has advised the executive of his failure to perform. In this case the Company has the discretion to make a payment in lieu of notice or the unexpired portion of the notice period. The Company may terminate immediately for serious misconduct. Where termination with cause occurs Mr Hogarth is only entitled to that portion of remuneration that is fixed and accrued up to the date of termination.

All other KMPs are employed under rolling contracts with no fixed term. Each KMP's employment may be terminated by either party providing 6 months written notice or payment in lieu of notice (based on the fixed component of the executive's remuneration and at the discretion of the Company). The Company may terminate the contract for performance by (at its discretion) giving 6 months written notice or 3 months written notice where the Company has advised the executive of their failure to perform. In this case the Company has the discretion to make a payment in lieu of notice or the unexpired portion of the notice period. The Company may terminate immediately for serious misconduct. Where termination with cause occurs the KMP is only entitled to that portion of remuneration that is fixed and accrued up to the date of termination.

6. Non-Executive Directors' Remuneration (including statutory remuneration disclosures)

Remuneration Policy

The Board seeks to aggregate remuneration at the level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of the aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NEDs of comparable companies. The Board also considers advice from external consultants when undertaking the annual review process. The aggregate fees paid to NEDs in the current financial year were \$686,258.

NED fees in the 2016 financial year are estimated to be \$659,000, which is less than the determination made at the Annual General Meeting held in November 2007 when shareholders approved an aggregate fee pool of \$750,000 per annum (excluding superannuation and retirement benefits arising from the Directors' remuneration plan).

Structure

The remuneration of NEDs consists of directors' fees, consisting of a fixed annual fee. One NED is currently entitled to benefits under the Directors' Retirement Plan, approved by shareholders in November 1997. These fees are summarised in Table 1 and 2 under section 4 above. The Directors' Retirement Plan was discontinued in the 2008 financial year for all directors appointed after that date.

Directors' Report

7. Additional Statutory Disclosures

Auditor Independence and Non-Audit Services

The Directors have received and are satisfied with the 'Audit Independence Declaration' provided by the Company's external auditors, Ernst & Young, which is included on page 22.

Non-Audit Services

The following non-audit services were provided by the Group's auditor, Ernst & Young. The directors are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that the auditor's independence was not compromised.

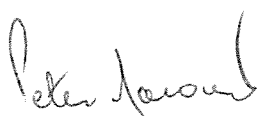
Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

Income tax return & goods and services tax compliance services	\$46,700
Advisory services	<u>\$13,190</u>
Total	\$59,890

8. Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Prime Media Group Limited support and have, unless otherwise disclosed in the corporate governance statement, adhered to the principles of corporate governance. The Company's corporate governance statement is available on the Company website www.primemedia.com.au.

Signed in accordance with a resolution of the directors.



P. J Macourt
Director

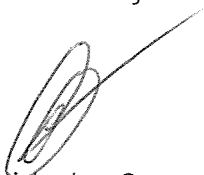
Sydney, 26 August 2015

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

In relation to our review of the financial report of Prime Media Group Ltd for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Christopher George
Partner
26 August 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2015

	NOTES	CONSOLIDATED	
		2015	2014
		\$'000	\$'000
CONTINUING OPERATIONS			
Revenue and other income			
Revenue from services	5(a)	253,233	256,342
Interest income	5(a)	245	290
Other income	5(a)	5,335	3,645
Total revenue and other income		258,813	260,277
Cost of sales		(138,665)	(137,918)
Gross profit		120,148	122,359
Broadcasting and transmission expenses		(37,564)	(41,651)
Sales, marketing and administration expenses		(14,599)	(14,811)
Depreciation and amortisation expenses		(11,351)	(11,979)
Operating Profit		56,634	53,918
Finance costs	5(b)	(4,987)	(6,499)
Share of associate losses	14(b)	(875)	(833)
Profit from continuing operations before income tax		50,772	46,586
Income tax expense	6	(15,151)	(15,398)
Profit for the year from continuing operations		35,621	31,188
DISCONTINUED OPERATIONS			
Profit after tax for the year from discontinued operations	8(b)	-	2,664
Profit for the year		35,621	33,852
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		35,621	33,852
Profit attributable to:			
Owners of the Parent		35,621	33,852
		35,621	33,852
Total comprehensive income attributable to:			
Owners of the Parent		35,621	33,852
		35,621	33,852
Basic Earnings per share (cents per share)			
— profit for the year	9	9.7	9.2
— profit from continuing operations	9	9.7	8.5
Diluted Earnings per share (cents per share)			
— profit for the year	9	9.7	9.2
— profit from continuing operations	9	9.7	8.5

Consolidated Statement of Financial Position

As at 30 June 2015

	NOTES	CONSOLIDATED	
		2015	2014
		\$'000	\$'000
ASSETS			
Current Assets			
Cash and short term deposits	11	9,837	12,722
Trade and other receivables	12	49,669	55,518
Intangible assets	18	1,667	2,067
Other assets	13	1,273	1,370
		62,446	71,677
Assets classified as held for sale	8(d)	963	1,222
Total Current Assets		63,409	72,899
Non-Current Assets			
Investment in associates	14	1,259	140
Investment in available-for-sale financial assets	16	2,508	2,508
Property, plant and equipment	17	35,475	37,685
Deferred tax assets	6(a)	993	1,442
Intangible assets and goodwill	18	199,722	201,741
Other assets	13	1,118	1,258
Total Non-Current Assets		241,075	244,774
Total Assets		304,484	317,673
LIABILITIES			
Current Liabilities			
Trade and other payables	19	35,963	33,270
Interest-bearing loans and borrowings	20	270	246
Current tax liabilities	6(a)	5,127	1,737
Provisions	21	365	445
Total Current Liabilities		41,725	35,698
Non-Current Liabilities			
Interest-bearing loans and borrowings	20	88,466	119,399
Provisions	21	417	336
Total Non-Current Liabilities		88,883	119,735
Total Liabilities		130,608	155,433
Net Assets		173,876	162,240
EQUITY			
Equity attributable to equity holders of the parent interest			
Contributed equity	22(a)	310,262	310,262
Reserves	23	4,150	3,957
Accumulated losses	23(b)	(140,536)	(151,979)
Parent Interests		173,876	162,240
Total Equity		173,876	162,240

Consolidated Statement of Changes in Equity

As at 30 June 2015

	Issued Capital \$'000	Accumulated Losses \$'000	Employee Benefits Reserve \$'000	General Reserve \$'000	Total Parent Entity Interest \$'000
At 1 July 2014	310,262	(151,979)	3,957	-	162,240
Profit for the period	-	35,621	-	-	35,621
Other comprehensive income	-	-	-	-	-
Total comprehensive income and expense for the period	-	35,621	-	-	35,621
Transactions with equity holders in their capacity as equity holders:					
Exercise of performance rights	-	-	(887)	-	(887)
Share based payments	-	-	1,080	-	1,080
Dividends on ordinary shares	-	(24,178)	-	-	(24,178)
At 30 June 2015	310,262	(140,536)	4,150	-	173,876

	Issued Capital \$'000	Accumulated Losses \$'000	Employee Benefits Reserve \$'000	General Reserve \$'000	Total Parent Entity Interest \$'000
At 1 July 2013	310,262	(156,801)	3,207	(2,288)	154,380
Profit for the period	-	33,852	-	-	33,852
Other comprehensive income	-	-	-	-	-
Total comprehensive income and expense for the period	-	33,852	-	-	33,852
Transactions with equity holders in their capacity as equity holders:					
Share based payments	-	-	750	-	750
Reclassification	-	(2,288)	-	2,288	-
Dividends on ordinary shares	-	(26,742)	-	-	(26,742)
At 30 June 2014	310,262	(151,979)	3,957	-	162,240

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2015

	NOTES	CONSOLIDATED	
		2015	2014
		\$'000	\$'000
OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		285,877	291,743
Payments to suppliers and employees (inclusive of GST)		(211,910)	(226,407)
Interest received		245	305
Borrowing costs paid		(4,779)	(6,839)
Income tax refunds received		457	-
Income tax paid		(11,920)	(16,241)
NET CASH FLOWS FROM OPERATING ACTIVITIES	11	57,970	42,561
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		1,900	-
Purchase of property, plant & equipment and intangible assets		(5,839)	(4,795)
Proceeds from sale of financial assets		-	24,395
Proceeds from sale of business operations – deferred contingent consideration		-	330
Purchase of program rights		-	(10,000)
Loan funds to related entities		(605)	(1,123)
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		(4,544)	8,807
FINANCING ACTIVITIES			
Proceeds from borrowings		118,000	93,525
Repayments of borrowings		(149,000)	(115,525)
Finance lease liability payments		(246)	(230)
Share based payments – performance rights exercised		(887)	-
Dividends paid		(24,178)	(26,742)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(56,311)	(48,972)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,885)	2,396
Cash and cash equivalents at beginning of period		12,722	10,326
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	9,837	12,722

Notes to the Financial Statements

For the Year Ended 30 June 2015

1. CORPORATE INFORMATION

The consolidated financial report of Prime Media Group Limited (the "Company") for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 26 August 2015.

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

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Table of Contents

- (a) Basis of preparation
- (b) Compliance with Australian Accounting Standards and International Financial Reporting Standards
- (c) Changes in accounting policy, disclosures, standards and interpretations
- (d) Basis of consolidation
- (e) Business combinations and goodwill
- (f) Investments in associates
- (g) Current versus non-current classification
- (h) Revenue recognition
- (i) Government grants
- (j) Taxes
- (k) Non-current assets held for sale and discontinued operations
- (l) Property, plant and equipment
- (m) Leases
- (n) Borrowing costs
- (o) Intangible assets
- (p) Financial Instruments – initial recognition and subsequent measurement
- (q) Impairment of non-financial assets
- (r) Cash and short term deposits
- (s) Provisions
- (t) Share-based payments
- (u) Contributed equity

(a) BASIS OF PREPARATION

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements from the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for available-for-sale investments that have been measured at fair value.

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

The consolidated financial statements provide comparative information in respect of the previous period.

Notes to the Financial Statements

For the Year Ended 30 June 2015

(b) COMPLIANCE WITH AUSTRALIAN ACCOUNTING STANDARDS AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) CHANGES IN ACCOUNTING POLICIES, DISCLOSURES, STANDARDS AND INTERPRETATIONS

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

The following Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective. The changes have had no material effect on the financial statements of the Group.

Reference	Title	Application date of standard	Application date for Group
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	1 January 2014	1 July 2014
AASB 9/IFRS 9	Financial Instruments	1 January 2018	1 July 2018
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014	1 July 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	1 January 2014	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	1 January 2014	1 July 2014
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014	1 July 2014
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	1 July 2014	1 July 2014
AASB 1031	Materiality	1 January 2014	1 July 2014
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	1 January 2016	1 July 2016
AASB 15	Revenue from Contracts with Customers	1 January 2017	1 April 2017 Note A
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 cycle	1 January 2016	1 April 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	1 April 2016
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 January 2015	1 April 2016

Notes to the Financial Statements

For the Year Ended 30 June 2015

(d) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Prime Media Group Limited and its subsidiaries (as outlined in Note 30) as at and for the year ended 30 June 2015. Interests in associates are equity accounted and are not part of the consolidated Group (see Note 14).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group controls an investee if and only if the Group has:

- power over the investee (i.e.: existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the trustee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra group assets and liabilities, equity, income expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and any other component of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(e) BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions and pertinent conditions as at the acquisition date.

Notes to the Financial Statements

For the Year Ended 30 June 2015

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised in profit or loss or as a change in other comprehensive income. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate Australian Accounting Standard. Contingent consideration that is reclassified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for any non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(f) INVESTMENTS IN ASSOCIATES

The Group's investments in its associates are accounted for using the equity method. An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. At each reporting date, the Group

Notes to the Financial Statements

For the Year Ended 30 June 2015

determines whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the “share of associate losses” in the statement of profit or loss.

(g) CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on current and non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(h) REVENUE RECOGNITION

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

Advertising revenue

Broadcasting operations derive revenue primarily from the sale of commercial advertising time to national, regional and local advertisers. Revenue is recognised when the commercial advertisements are broadcast.

Commercial advertising production revenue

Revenue is recognised when the production is complete and the customer invoiced.

Rendering of services

Revenue from the provision of production facilities is brought to account after services have been rendered and the fee is receivable.

Sales representation revenue

Sales representation revenue is brought to account as the service is provided.

Notes to the Financial Statements

For the Year Ended 30 June 2015

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

Dividends

Dividend revenue is recognised when the Group's right to receive the payment is established.

Rental Income

Rental income is derived from the sub-letting of the Group's property, plant and equipment. This rental income is recognised on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

(i) GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions have been complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. When the Group receives grants of non-monetary assets, the assets and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

(j) TAXES

(i) Current Income Tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred Income Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2015

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Information regarding the Group's consolidated tax group is disclosed at Note 6.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or favourable to, the taxation authority. Cash flows are included in the statement of cash flows on a gross basis and the GST component of the cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(k) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income.

Notes to the Financial Statements

For the Year Ended 30 June 2015

(I) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repairs and maintenance are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 3) and provisions (Note 21) for further information about the recorded decommissioning provision.

Land and buildings are measured at cost less accumulated depreciation on buildings.

Depreciation is calculated on a straight-line basis on all property, plant and equipment, other than freehold and leasehold land, over the estimated useful life of the assets as follows:

Major depreciation periods are:

- Land:	Not depreciated
- Freehold buildings:	40 years
- Leasehold improvements:	The lease term
- Plant and equipment:	3 to 15 years
- Plant and equipment under lease:	5 to 15 years
- Motor vehicles:	6 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(m) LEASES

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) Group as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. An operating lease is a lease other than a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2015

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

(ii) Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(n) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the periods in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(o) INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from indefinite to finite is accounted for on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Business software, development and websites

Business software, development and website costs are capitalised based on management's judgement that key milestones for the developments have been achieved. In determining the amounts to be capitalised, management makes assumptions regarding the future cash to be generated from the asset, discount rates to be applied and the expected period of benefits.

Notes to the Financial Statements

For the Year Ended 30 June 2015

Television Broadcast Licences, acquired both separately and as part of a business combination

Television broadcast licences consist of the right to broadcast television to specific market areas. The licences are subject to renewal by the Australian Communications and Media Authority (ACMA). The directors have no reason to believe the licences will not be renewed at the end of their legal terms and have not identified any factor that would affect their useful life. Therefore, the television licences are deemed to have indefinite useful lives.

Program Rights

Consists of television program rights arising from the Company's affiliation with the Seven Network.

A summary of the policies applied to the Group's intangible assets is as follows:

	Television Broadcast Licences	Business Software, Development, Websites, Program Rights and Infrastructure Access Licence
Useful lives:	Indefinite	Finite
Amortisation method used:	Not amortised or revalued	Amortised on a straight-line basis over the period of the expected future benefit
Internally generated or acquired:	Acquired	Internally generated / Acquired

(p) FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial assets are recognised initially at fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of the assets within the period established by regulation or convention in the market place are recognised on the trade date being the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB139.

Notes to the Financial Statements

For the Year Ended 30 June 2015

The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 12.

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in reserves until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from reserves to the statement of profit or loss in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or

Notes to the Financial Statements

For the Year Ended 30 June 2015

the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

(ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is deemed to be impaired if there is objective evidence of impairment, as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event'), and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2015

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through the statement of profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 139.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer Note 20.

Notes to the Financial Statements

For the Year Ended 30 June 2015

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

v) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques include:

- using recent arm's length market transactions;
- reference to the current fair value of another instrument that is substantially the same; and
- a discounted cash flow analysis or other valuation models.

(q) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Notes to the Financial Statements

For the Year Ended 30 June 2015

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill

Goodwill is tested for impairment annually as at 30 June and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(r) CASH AND SHORT TERM DEPOSITS

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and short term deposits consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

(s) PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

Provision for asset decommissioning

The Group records a provision for decommissioning costs of analogue transmitters and related assets. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Notes to the Financial Statements

For the Year Ended 30 June 2015

Wages, salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(t) SHARE-BASED PAYMENTS

Employees (including senior executives) of the Group receive remuneration in the form of performance rights which are share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in employee benefits reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee, as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding performance rights is reflected as additional share dilution in the computation of diluted earnings per share (see Note 9).

(u) CONTRIBUTED EQUITY

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

Notes to the Financial Statements

For the Year Ended 30 June 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments – Group as lessee

The Group has entered into operating leases that have an average lease term of 3 years for Motor Vehicles, 3 to 5 years for building leases, and 5 to 15 years for transmission site access agreements. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it does not retain all the significant risks and rewards of ownership of these sites and equipment and accounts for the contracts as operating leases.

Operating lease commitments – Group as lessor

The Group has entered into site sharing agreements in relation to transmission sites and equipment it owns. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these sites and equipment and accounts for the contracts as operating leases.

ESTIMATES AND ASSUMPTIONS

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 assets and liabilities within the next year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds the recoverable value amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for next year, plus growth assumptions and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the assets performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the future cash inflows and the growth rate for extrapolation purposes. The key assumptions used to determine the recoverable amount for different CGUs, including a sensitivity analysis, are further explained at Note 18.

Impairment of investments in financial assets (including associates)

The Group assesses impairment of investments in financial assets including associates at each reporting date in accordance with the measurement rules established in the accounting standards.

For financial assets determined to be associates, the Group assesses at each balance date the circumstances and conditions specific to that associate. These include operating performance, market and environmental

Notes to the Financial Statements

For the Year Ended 30 June 2015

factors. If management believes that an impairment trigger exists then the recoverable value of the investment in the associate is determined.

Renewal of Broadcasting Licences

The Group's television broadcasting licences consist of the right to broadcast television services to specific market areas. These licences are issued by the relevant broadcasting authority for periods of 5 years. The ownership and renewal processes of these licences is such that in the absence of major breaches of licensing and broadcasting regulations, licence renewal is virtually guaranteed for the existing licence holders.

Classification of assets and liabilities as held for sale

The Group classifies assets and liabilities as held for sale when the carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Group must be committed to selling the asset either through entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets and liabilities.

Valuation of investments

The Group classifies investments in listed and unlisted securities as "available-for-sale" investments and movements in fair value are recognised directly in equity. The fair value of listed shares has been determined by reference to published price quotations in an active market.

The fair values of unlisted securities not traded in an active market are determined using valuation assumptions that are not observable market prices or rates. Future likely cash flows are determined to most likely arise from the disposal of the securities. Disposal cash flows are determined using Earnings before interest, tax, depreciation and amortisation ('EBITDA') multiples and compared to similar companies with observable market sales data.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, using the assumptions detailed in Note 27.

Taxes

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent management considers it is probable that future taxable profits will be available to utilise those temporary differences.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that are derived directly from its operations. The Group also holds available-for-sale investments and from time to time enters into derivative transactions.

Notes to the Financial Statements

For the Year Ended 30 June 2015

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group manages its exposure to key financial risks including interest rate risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The Group may, from time to time, enter into derivative transactions, including interest rate swaps. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. It is the Group's policy not to trade in derivatives for speculative purposes. The main risks arising from the Group's financial instruments are cash flow risk, interest rate risk, liquidity risk, and credit risk. The Group did not enter into derivative transactions during the reporting period.

The Board of directors reviews risks in accordance with its approach to risk management as set out in the Directors' Report and the Group's Corporate Governance Statements which are displayed on the Company's website www.primemedia.com.au.

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks primarily consist of interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The level of interest bearing debt is disclosed in Note 20.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated as cash flow hedges:

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
Financial Assets		
Cash and short-term deposits	9,837	12,722
	9,837	12,722
Financial Liabilities		
Secured bank loan facility	(88,064)	(118,727)
	(88,064)	(118,727)
Net exposure	(78,227)	(106,005)

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. At 30 June 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/ (Lower)		Equity Higher/ (Lower)	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Consolidated				
+0.5% (50 basis points)	(274)	(371)	-	-
-0.5% (50 basis points)	274	371	-	-

Notes to the Financial Statements

For the Year Ended 30 June 2015

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

TRADE RECEIVABLES

It is the Group's policy that all customers who trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Board. These risk limits are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

An impairment analysis is performed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed at Note 12. The Group does not hold collateral as security.

A small number of media buying agencies account for approximately 57.2% of Prime's revenue and no individual agency accounts for more than 15.0% of the Group's revenue. Agency clients operate with strict credit terms of 45 days and are required to provide detailed financial information as part of their credit approval process. Late payments are closely monitored and followed up if the 45 day terms are not met.

LIQUIDITY RISK

The Group manages its liquidity risk by monitoring the total cash inflows and outflows expected on a weekly basis. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, debentures, finance leases and hire purchase agreements. The Group currently has funding through:

- \$175 million debenture subscription facility (2014: \$175 million), which is currently drawn to 51% of the facility limit (2014: 68%); and
- Long Term finance lease contracts over specific items of plant and equipment.

Notes to the Financial Statements

For the Year Ended 30 June 2015

Currently the Group secures up to 56% of the drawn down balance of the interest bearing debt facility for 6 monthly periods. In addition to maintaining sufficient liquid assets to meet short-term payments, at balance date, the Group has available approximately \$86 million of undrawn committed borrowing facilities, subject to continued compliance with the bank loan covenants. The facility is repayable in full on expiry on March 2018. Interest will be charged at a rate of BBSY plus a margin between 1.50% and 1.80%. At 30 June 2015, 0.3% of the Group's debt will mature in less than one year. The remaining contractual maturities of the Group's financial assets and liabilities are:

	≤ 6 months	6 – 12 months	1 – 5 years	> 5 years	Total
Year Ended 30 June 2015	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	9,837	-	-	-	9,837
Trade and other receivables	49,669	-	-	-	49,669
	59,506	-	-	-	59,506
Financial liabilities					
Trade and other payables	(35,963)	-	-	-	(35,963)
Finance lease contracts (refer note 24)	(135)	(135)	(402)	-	(672)
Finance lease contracts – finance charges (refer note 24)	(23)	(22)	(18)	-	(63)
Interest bearing loans (refer note 20)	-	-	(88,064)	-	(88,064)
Interest bearing loans – known interest charges	(1,065)	-	-	-	(1,065)
	(37,186)	(157)	(88,484)	-	(125,827)
Net inflow/(outflow)	22,320	(157)	(88,484)	-	(66,321)

	≤ 6 months	6 – 12 months	1 – 5 years	> 5 years	Total
Year Ended 30 June 2014	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	12,722	-	-	-	12,722
Trade and other receivables	55,518	-	-	-	55,518
	68,240	-	-	-	68,240
Financial liabilities					
Trade and other payables	(33,270)	-	-	-	(33,270)
Finance lease contracts (refer note 24)	(123)	(123)	(672)	-	(918)
Finance lease contracts – finance charges (refer note 24)	(33)	(33)	(63)	-	(129)
Interest bearing loans (refer note 20)	-	-	(118,727)	-	(118,727)
Interest bearing loans – known interest charges	(1,879)	-	-	-	(1,879)
	(35,305)	(156)	(119,462)	-	(154,923)
Net inflow/(outflow)	32,935	(156)	(119,462)	-	(86,683)

Notes to the Financial Statements

For the Year Ended 30 June 2015

5. INCOME AND EXPENSES

INCOME AND EXPENSES FROM CONTINUING OPERATIONS	CONSOLIDATED	
	2015 \$'000	2014 \$'000
(a) Income		
Advertising and other external revenue	253,233	256,342
Finance income	245	290
Other revenue	5,335	3,645
	258,813	260,277
<i>Breakdown of finance income:</i>		
Interest received – other persons	245	290
	245	290
<i>Breakdown of other income:</i>		
Government grants	926	1,805
Other revenues	4,409	1,840
	5,335	3,645
(b) Finance expenses		
Interest expense – other persons	4,987	6,499
	4,987	6,499
(c) Employee Benefit Expense		
Wages and salaries	33,517	34,722
Superannuation expense	2,735	2,720
Share based payments expense	1,080	750
Other employee benefits expense	1,491	589
	38,823	38,781
(d) Other Expenses		
Bad and doubtful debts and credit notes – trade debtors	(39)	(65)
Minimum lease payments – operating leases	13,278	13,700

Notes to the Financial Statements

For the Year Ended 30 June 2015

6. INCOME TAX

The major components of income tax expense are:

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Consolidated Statement of Profit or Loss		
<i>Current income tax</i>		
– Current income tax charge	15,296	11,510
– Adjustments in respect of current income tax of previous years	(182)	(174)
– Income tax expense on Discontinued operations	-	282
<i>Deferred income tax</i>		
– Relating to origination and reversal of temporary differences	160	4,649
– Adjustments in respect of deferred income tax of previous years	(123)	217
– Net deferred tax asset not previously recognised due to accumulated loss position of subsidiary	-	(804)
Income tax expense	15,151	15,680
Aggregate income tax expense attributable to:		
– Income tax expense reported in the Statement of Profit or Loss	15,151	15,398
– Income tax expense attributable to discontinued operations	-	282
	15,151	15,680

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by Australia's domestic income tax rate is as follows:

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Profit before tax from continuing operations	50,772	46,586
Profit before tax from Discontinued operations	-	2,946
Accounting profit before income tax	50,772	49,532
Prima facie tax expense on accounting profit at the Group's statutory rate of 30% (2014: 30%)	15,232	14,860
– Expenses not deductible for tax	912	2,379
– Income not assessable for tax	(787)	(2,240)
– Adjustments in respect of current tax of previous years	(305)	43
– Deferred tax asset on income tax losses not previously recognised	-	(798)
– Deferred tax asset derecognised	80	1,607
– Foreign tax rate adjustment	19	(171)
Aggregate income tax expense at the effective tax rate of 29.8% (2014: 31.7%)	15,151	15,680
Aggregate income tax expense attributable to:		
– Income tax expense reported in the Statement of Profit or Loss	15,151	15,398
– Income tax expense attributable to discontinued operations	-	282
	15,151	15,680

Notes to the Financial Statements

For the Year Ended 30 June 2015

(A) DEFERRED TAX ASSETS AND LIABILITIES

	CONSOLIDATED			
	2015	2015	2014	2014
	\$'000	\$'000	\$'000	\$'000
	Current Income Tax	Deferred Income Tax	Current Income Tax	Deferred Income Tax
Opening balance	(1,737)	1,442	(7,210)	6,111
Charged to income	(15,055)	(36)	(11,617)	(3,780)
Other payments and utilisation of tax losses	11,665	(413)	17,090	(889)
Closing balance	(5,127)	993	(1,737)	1,442
Tax expense in statement of comprehensive income		15,151		15,680
Amounts recognised in the statement of financial position:				
Deferred tax asset		993		1,442
Deferred tax liability		-		-
		993		1,442

	STATEMENT OF FINANCIAL POSITION	
	2015	2014
	\$'000	\$'000
Deferred income tax as at 30 June relates to the following:		
<i>Deferred tax liabilities</i>		
Accelerated depreciation for tax	(1,048)	(502)
Leased assets	(53)	(32)
Prepaid expenses deductible for tax	(2,367)	(3,196)
Income not yet assessable for tax	-	-
Fair value of television licences on acquisition	(6,690)	(6,690)
	(10,158)	(10,420)
Set-off of deferred tax assets	10,158	10,420
Net deferred tax liabilities	-	-
CONSOLIDATED		
<i>Deferred tax assets</i>		
Employee entitlements	1,654	1,533
Provisions	59	89
Expenses not yet deductible for tax	1,983	2,039
Difference between accounting and tax on building	252	505
Impairments of investments	6,690	6,690
Tax losses	513	1,006
	11,151	11,862
Set-off of deferred tax liabilities	(10,158)	(10,420)
Net deferred tax assets	993	1,442

Notes to the Financial Statements

For the Year Ended 30 June 2015

(B) INCOME TAX LOSSES

	2015 \$'000	2014 \$'000
(a) Deferred tax assets arising from tax losses of a controlled entity which at balance date are recognised as being highly probable of recovery. These losses relate to the Australian Tax Consolidated Group and an entity outside the Australian Tax Consolidated Group that is making profits.	513	1,006
(b) Deferred tax assets arising from tax losses of controlled entities not recognised at reporting date as realisation of the benefit is not regarded as highly probable ⁽¹⁾	-	15,307

(1) Prime Television New Zealand Limited ceased trading during the financial year and was subsequently deregistered on 14 July 2015. As a result, losses that were regarded as not highly probable of being realised ceased to be available to the Group.

Tax Consolidation

(i) *Members of the tax consolidated group and the tax sharing arrangements*

Effective 1 July 2002, for the purposes of income taxation, Prime Media Group Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group. Prime Media Group Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(ii) *Tax effect accounting by members of the consolidated group*

Measurement method adopted under UIG 1052 Tax Consolidation Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group Allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*. The nature of the tax funding agreement is discussed further below.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and deferred tax assets arising from unused tax losses and unused tax credits from controlled entities in the tax consolidated group.

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with their taxable income for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 *Income Taxes*. Allocations under the tax funding agreement are made at the end of each half year.

Notes to the Financial Statements

For the Year Ended 30 June 2015

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, Prime Media Group Limited. In accordance with UIG 1052: *Tax Consolidation Accounting*, the Group has applied the "separate taxpayer within group" approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

	PRIME MEDIA GROUP LIMITED	
	2015	2014
	\$'000	\$'000
Prime Media Group Limited has recognised the following amounts as tax consolidation contribution adjustments:		
Total increase to inter-company assets of Prime Media Group Limited	16,762	12,627

7. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE SEGMENTS

Since the sale of Prime's radio broadcasting segment in August 2013, the Group has operated as a single segment being television broadcasting. The Board and Executive monitor the operating performance of the segment based on internal reports and discrete financial information that is reported to the Board on at least a monthly basis.

Television broadcasting comprises "free to air" television broadcasting through PRIME7 and GWN7.

The PRIME7 television broadcast signal services the regional locations of Northern and Southern New South Wales, Canberra, Victoria, and the Gold Coast area while regional Western Australia is serviced by the GWN7 television broadcast signal. The majority of revenue is sourced from television and online advertising in Australia.

8. DISCONTINUED OPERATIONS

(A) DETAILS OF OPERATIONS DISPOSED AND CLOSED DOWN

There were no discontinued operations in the current reporting period.

In the previous corresponding period, the Group completed the sale of the Group's radio business for \$24,525,000 in cash, which resulted in a pre-tax gain on sale of \$2,302,000. The results of the discontinued operation for the period 1 July to 30 August 2013 are presented in the table at Note 8(B). The Radio segment consisted of the following wholly owned subsidiaries:

Prime Radio (Holdings) Pty Limited ACN: 122 696 753
 Prime Radio (Townsville) Pty Limited ACN: 113 960 688
 Prime Radio (Cairns) Pty Limited ACN: 113 960 722
 Prime Radio (Barrier Reef) Pty Limited ACN: 113 960 651
 Prime Radio (Mackay) Pty Limited ACN: 113 960 606
 Prime Radio (Mackay- AM) Pty Limited ACN: 122 696 842
 Prime Radio (Cairns - AM) Pty Limited ACN: 122 696 879
 Prime Radio (Rockhampton) Pty Limited ACN: 113 960 624
 Prime Radio (Gladstone) Pty Limited ACN: 113 960 642
 AMI Radio Pty Limited ACN: 075 044 861
 Hot 91 Pty Limited ACN: 101 804 371

Notes to the Financial Statements

For the Year Ended 30 June 2015

(B) FINANCIAL PERFORMANCE OF OPERATIONS DISPOSED, CLOSED DOWN OR HELD FOR SALE

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Revenue from external sales and customers	-	3,364
Other revenue	-	135
Total revenue	-	3,499
Expenses	-	(2,855)
Net Profit attributable to discontinued operation	-	644
Gain on disposal of discontinued operation	-	2,302
Net Profit attributable to discontinued operation before income tax	-	2,946
Income tax expense	-	(282)
Profit attributable to discontinued operation after tax	-	2,664
Profit from discontinued operation	-	2,664
Loss per share (cents per share)		
- Basic from discontinued operations	-	0.7
- Diluted from discontinued operations	-	0.7

(C) CASH FLOW INFORMATION – DISCONTINUED OPERATIONS

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Net cash inflow from operating activities	-	1,134
Net cash (outflow) from investing activities	-	(82)
Net cash (outflow) from financing activities	-	(1,777)
Net cash outflow from discontinued operations	-	(725)

(D) ASSETS HELD FOR SALE

	2015	2014
	\$'000	\$'000
Total current assets	-	-
Property, plant and equipment	877	1,222
Investment in associates	86	-
Total non-current assets	963	1,222
Assets classified as held for sale	963	1,222

9. EARNINGS PER SHARE

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Basic Earnings per share (cents per share)		
– profit for the year	9.7	9.2
– profit from continuing operations	9.7	8.5
Diluted Earnings per share (cents per share)		
– profit for the year	9.7	9.2
– profit from continuing operations	9.7	8.5

Notes to the Financial Statements

For the Year Ended 30 June 2015

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

(A) Earnings Used In Calculating Earnings Per Share

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
Net Profit attributable to ordinary equity holders of the parent		
- Continuing operations	35,621	31,188
- Discontinued operations	-	2,664
Net Profit attributable to ordinary equity holders of the parent	35,621	33,852
Earnings used in calculating basic and diluted earnings per share	35,621	33,852

(B) Weighted Average Number of Shares

	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share:	366,330,303	366,330,303
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	366,330,303	366,330,303

All performance rights are anti-dilutive, as service and performance conditions are yet to be met. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the completion of the financial statements.

(C) Information on the Classification of Securities

Equity Settled Share Based Payments

Equity settled share based payments granted to employees (including KMP) as described in Note 27 are considered to be potential ordinary shares and will be included in the determination of diluted earnings per share to the extent they are dilutive when the performance rights vest.

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
Basic Earnings per share (cents per share)		
- profit from core earnings	9.1	9.1
Diluted Earnings per share (cents per share)		
- profit from core earnings	9.1	9.1

To calculate earnings per share amounts for the core continuing and discontinued operations, the weighted average number of ordinary shares for both basic and diluted amounts is as per the table above. The following table provides the profit figure used as the numerator:

Notes to the Financial Statements

For the Year Ended 30 June 2015

(D) PROFIT FROM CONTINUING OPERATIONS EXCLUDING SPECIFIC ITEMS

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
<i>Reported profit after tax from continuing operations</i>	35,621	31,188
<i>Reported profit after tax from discontinued operations</i>	-	2,664
	35,621	33,852
- Digital Restack Program revenue (non-cash)	(1,501)	-
- Gain on sale of surplus assets	(1,157)	(2,302)
- Redundancies	78	626
- Derecognise deferred tax asset carried for New Zealand tax losses	-	1,296
- Depreciation of decommissioning costs	-	604
- Fair value change in receivable – deferred contingent consideration	-	(493)
- Income tax expense/(benefit) related to specific items	427	(188)
Core net profit after tax from operations and before specific items attributable to members of Prime Media Group Limited	33,468	33,395

The Group's final dividend has been declared based on the core net profit after tax.

10. DIVIDENDS PAID AND PROPOSED

(A) RECOGNISED AMOUNTS

Declared and paid during the year

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
(i) Current year interim		
Franked dividends 3.8 cents per share (2014: 4.0 cents) – ordinary shares	13,921	14,653
(ii) Previous year final		
Franked dividends 2.8 cents per share (2014: 3.3 cents) – ordinary shares	10,257	12,089
	24,178	26,742

(B) UNRECOGNISED AMOUNTS

(i) Current year final

Franked dividends 3.0 cents per share (2014: 2.8 cents) – ordinary shares

	10,990	10,257
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(C) FRANKING CREDIT BALANCE

	THE GROUP	
	2015	2014
	\$'000	\$'000
The amount of franking credits available for the subsequent financial year are:		
- franking account balance as at the end of the financial year at 30% (2014: 30%)	31,889	31,050
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	5,127	1,762
- franking debits that will arise from the payment of dividends as at the end of the financial year	-	-
	37,016	32,812

Notes to the Financial Statements

For the Year Ended 30 June 2015

The amount of franking credits available for future reporting periods

- impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period

	(4,710)	(4,396)
	32,306	28,416

(D) TAX RATES

The tax rate at which paid dividends have been franked is 30% (2014: 30%). Dividends proposed will be franked at the rate of 30% (2014: 30%).

11. CASH AND SHORT-TERM DEPOSITS

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Cash balance comprises:		
Cash at bank and on hand	9,837	12,722
Closing cash balance	9,837	12,722

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

	2015	2014
	\$'000	\$'000
Reconciliation of the net profit after tax to the net cash flows from operations		
Profit after tax from continuing operations	35,621	31,188
Profit after tax from discontinued operations	-	2,664
Net profit after income tax	35,621	33,852
<i>Non-cash adjustment for:</i>		
Depreciation and amortisation	9,284	9,912
Amortisation of program rights	2,067	2,067
Provision for doubtful debts	(101)	(104)
Net (gain)/loss on disposal of property, plant and equipment	(2,539)	157
Gain on sale of financial asset	-	(2,303)
Gain on foreign currency translation	(12)	(181)
Share of losses of associates	875	833
Share based payments expense	1,080	750
Working capital adjustments		
Decrease in trade and other receivables	4,476	837
Decrease in prepayments	237	770
Increase/(decrease) in provisions	81	(68)
Increase/(decrease) in trade and other payables	2,725	(3,526)
Cash flows from operating activities	53,794	42,996
Decrease in deferred tax assets	449	6,090
Increase/(decrease) in tax provision	3,390	(6,147)
Increase/(decrease) in borrowing costs	337	(378)
Net cash flow from operating activities	57,970	42,561

Notes to the Financial Statements

For the Year Ended 30 June 2015

12. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
Current		
Trade receivables	45,948	48,657
Allowance for impairment loss	(281)	(404)
	45,667	48,253
Other receivables	3,512	4,081
Related party receivables	490	3,184
Carrying amount of trade and other receivables	49,669	55,518

(A) ALLOWANCE FOR IMPAIRMENT LOSS

Trade receivables are carried at original invoice amount less an allowance for any uncollectible debts. Credit terms for advertisers, generally 30 – 45 days, are extended based upon an assessment of the credit standing of each customer. An allowance for impairment loss is made when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. No individual amount within the impairment allowance is material. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

Movement in the provision for impairment loss in relation to trade receivables was as follows:

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
At July 1	404	650
Charge/(recovery) for the year	(39)	(65)
Amounts written off	(84)	(181)
At June 30	281	404

At 30 June, the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days	61-90 days PDNI*	61-90 days CI*	+91 days PDNI*	+91 days CI*
2015	45,948	24,473	20,581	597	-	16	281
2014	48,657	24,970	22,054	925	-	304	404

* Considered impaired ('CI'), Past due not impaired ('PDNI')

Receivables past due but not considered impaired incorporate those customers on payment plans or those with a good payment history for which we expect payment in the short term.

Other balances within trade and other receivables do not contain impaired assets. It is expected that these other balances will be received.

Notes to the Financial Statements

For the Year Ended 30 June 2015

13. OTHER ASSETS

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
Current		
Prepayments	1,273	1,370
Non-current		
Prepayments	1,118	1,258
Total	2,391	2,628

14. INVESTMENTS IN ASSOCIATES

(A) INVESTMENT DETAILS

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
<i>Unlisted</i>		
Mildura Digital Television Pty Limited (refer to Note 8) ⁽¹⁾	-	90
West Digital Television Pty Limited	1,259	50
West Digital Television No2 Pty Limited	-	-
West Digital Television No3 Pty Limited	-	-
West Digital Television No4 Pty Limited	-	-
WA SatCo Pty Limited	-	-
Broadcast Transmission Services Pty Limited	-	-
Total Investment in Associates	1,259	140

(1) The Group's investment in Mildura Digital Television Pty Limited has been classified as held for sale in the current year.

(B) THE CONSOLIDATED ENTITY HAS A MATERIAL INTEREST IN THE FOLLOWING ENTITIES

	OWNERSHIP INTEREST		CONTRIBUTION TO NET PROFIT	
	2015 %	2014 %	2015 \$'000	2014 \$'000
<i>Unlisted</i>				
Mildura Digital Television Pty Limited	50%	50%	(434)	(376)
West Digital Television Pty Limited	50%	50%	(441)	(457)
West Digital Television No2 Pty Limited	50%	50%	-	-
West Digital Television No3 Pty Limited	50%	50%	-	-
West Digital Television No4 Pty Limited	50%	50%	-	-
WA SatCo Pty Limited	50%	50%	-	-
Broadcast Transmission Services Pty Limited	33%	33%	-	-
			(875)	(833)

Notes to the Financial Statements

For the Year Ended 30 June 2015

(C) MOVEMENTS IN THE CARRYING AMOUNT OF THE GROUP'S INVESTMENT IN ASSOCIATES

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
At July 1	140	-
Contributions made ⁽¹⁾	2,080	1,243
Share of losses after income tax	(875)	(833)
Provision for loan funds still to be paid to associate	-	(270)
Reclassification to assets held for sale	(86)	-
At June 30	1,259	140

⁽¹⁾ Reflects loan funds advanced to associates under short term loan arrangement or in accordance with requirements of shareholder agreements. These payments are deemed to be part of the Investment in Associates for the purposes of equity accounting.

15. INVESTMENTS IN SUBSIDIARIES

CLOSED GROUP CLASS ORDER DISCLOSURES

Entities subject to class order relief

Pursuant to Class Order 98/1418, relief has been granted to Prime Television (Holdings) Pty Limited, Prime Television (Southern) Pty Limited, Prime Television (Victoria) Pty Limited, Prime Television (Northern) Pty Limited, Golden West Network Pty Limited, and Prime Television Investments Pty Limited from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Class Order, Prime Media Group Limited and its 100% owned Australian resident subsidiaries entered into a Deed of Cross Guarantee on 17 October 2006 (the "Closed Group") as amended from time to time by assumption deed for the addition and removal of controlled entities. The effect of the deed is that Prime Media Group Limited has guaranteed to pay any deficiency in the event of winding up of any of the controlled entities within the Closed Group. The controlled entities within the Closed Group, listed below, have also given a similar guarantee in the event that Prime Media Group Limited is wound up.

NAME	COUNTRY OF INCORPORATION	EQUITY INTEREST	
		2015 %	2014 %
Prime Television (Holdings) Pty Limited	Australia	100	100
Zamojill Pty Limited	Australia	100	100
Prime Television (Southern) Pty Limited	Australia	100	100
Prime Television (Northern) Pty Limited	Australia	100	100
Prime Television (Victoria) Pty Limited	Australia	100	100
Prime Properties (Albury) Pty Limited	Australia	100	100
Prime Television Digital Media Pty Limited	Australia	100	100
Prime Television Investments Pty Limited	Australia	100	100
Golden West Network Pty Limited	Australia	100	100
Mining Television Network Pty Limited	Australia	100	100
Telepro Pty Limited	Australia	100	100
Golden West Satellite Communications Pty Limited	Australia	100	100

Notes to the Financial Statements

For the Year Ended 30 June 2015

15 INVESTMENTS IN SUBSIDIARIES (continued)

EQUITY INTEREST

NAME	COUNTRY OF INCORPORATION	2015	2014
		%	%
135 Nominees Pty Limited	Australia	100	100
Mid-Western Television Pty Limited	Australia	100	100
Seven Affiliate Sales Pty Limited	Australia	100	100
Prime Digital Media Pty Limited	Australia	100	100
Prime Digitalworks Pty Limited	Australia	100	100
Prime Media Broadcasting Services Pty Limited	Australia	100	100
Prime Media Communications Pty Limited	Australia	100	100
Prime Growth Media Pty Limited	Australia	100	100
Prime Media Group Services Pty Limited	Australia	100	100
Prime New Media Investments Pty Limited	Australia	100	100
Geraldton Telecasters Pty Limited	Australia	100	100

The consolidated statement of comprehensive income and statement of financial position of the entities which are members of the 'Closed Group' are as follows:

(A) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CLOSED GROUP	
	2015 \$'000	2014 \$'000
Operating profit before income tax - continuing operations	51,667	37,994
Income tax expense attributable to operating profit	(15,804)	(12,585)
Operating profit after tax from continuing operations	35,863	25,409
Profit after tax from discontinued operations	-	2,664
Operating profit after tax	35,863	28,073
Retained losses at beginning of the financial year	(73,129)	(74,460)
Dividends provided for or paid	(24,178)	(26,742)
Retained losses at end of the financial period	(61,444)	(73,129)

(B) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	CLOSED GROUP	
	2015 \$'000	2014 \$'000
Assets		
Current assets	63,205	72,662
Non-current assets	329,466	388,589
Total assets	392,671	461,251
Liabilities		
Current liabilities	41,722	35,686
Non-current liabilities	99,310	185,803
Total liabilities	141,032	221,489
Equity	251,639	239,762

Notes to the Financial Statements

For the Year Ended 30 June 2015

16. INVESTMENTS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
Investments at fair value:		
Shares in uncontrolled entities (quoted) (i)	5	5
Investments at cost:		
Shares in uncontrolled entities (unquoted) (ii)	3	3
Investments at fair value:		
Shares in uncontrolled entities (unquoted) (iii)	2,500	2,500
	2,508	2,508

Available-for-sale investments consist of investments in ordinary shares which do not have a fixed maturity date or coupon rate.

(i) Quoted equity shares

The fair value of the listed available-for-sale investments has been determined directly by reference to published price quotations in an active market. There are no individually material investments.

(ii) Unquoted equity shares at cost

Investments in shares of unlisted entities are carried at cost where fair value cannot be reliably measured. The financial instruments held are shares of an entity that has a small shareholder base and a relatively stable share register with few exchanges of shareholdings.

(iii) Unlisted shares at fair value

The fair value of the unquoted available-for-sale investments has been estimated using valuation techniques based on assumptions, which are outlined in Note 3, that are not supported by observable market information. Management believes the estimated fair value resulting from the valuation techniques and recorded in the statement of financial position and the related changes in fair value recorded in other comprehensive income are reasonable and the most appropriate at the reporting date. A reconciliation of the movement during the year is as follows:

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
Investments at fair value:		
Opening balance	2,500	2,500
Closing balance	2,500	2,500

(iii) Valuation sensitivity

Management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation and has quantified this as a reduction in fair value of approximately \$462,000 using less favourable assumptions and an increase in fair value of approximately \$462,000 using more favourable assumptions, i.e. change in Enterprise Value / EBITDA multiples of 0.25 in either direction.

Impairment on available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. Refer to Note 2(p)(ii) for objective evidence.

Notes to the Financial Statements

For the Year Ended 30 June 2015

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings ⁽¹⁾	Leasehold improvements	Plant and equipment	Leased plant and equipment	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or valuation					
At 1 July 2013	15,434	2,052	127,594	2,886	147,966
Additions	240	-	3,569	-	3,809
Disposals	(14)	-	(22,423)	-	(22,437)
Classification Transfer	10	-	482	(644)	(152)
Reclassification to asset held for sale	(2,429)	-	(246)	-	(2,675)
At 30 June 2014	13,241	2,052	108,976	2,242	126,511
Additions	7	91	5,541	-	5,639
Disposals	-	(474)	(20,522)	-	(20,996)
Classification Transfer	(38)	15	23	-	-
Reclassification to asset held for sale	43	-	-	-	43
At 30 June 2015	13,253	1,684	94,018	2,242	111,197
Depreciation and amortisation					
At 1 July 2013	(5,477)	(1,250)	(96,564)	(1,080)	(104,371)
Depreciation charges	(46)	(165)	(7,221)	-	(7,432)
Amortisation charges	(258)	-	-	(242)	(500)
Disposals	5	-	22,215	-	22,220
Classification Transfer	-	-	(303)	107	(196)
Reclassification to asset held for sale	1,312	-	141	-	1,453
At 30 June 2014	(4,464)	(1,415)	(81,732)	(1,215)	(88,826)
Depreciation charges	(317)	(166)	(6,499)	-	(6,982)
Amortisation charges	-	-	-	(177)	(177)
Disposals	-	441	19,844	-	20,285
Classification Transfer	33	-	(33)	-	-
Reclassification to asset held for sale	(22)	-	-	-	(22)
At 30 June 2015	(4,770)	(1,140)	(68,420)	(1,392)	(75,722)
Net Book Value					
At 30 June 2015	8,483	544	25,598	850	35,475
At 30 June 2014	8,777	637	27,244	1,027	37,685

(1) Includes land located in the Australian Capital Territory, under the ACT legislation, the land has a 99-year lease period, and also includes Leasehold Strata Units located in Sydney, which are held under a 99 year lease.

(A) ASSETS PLEDGED AS SECURITY

All plant and equipment under lease is pledged as security for the associated lease liabilities.

Notes to the Financial Statements

For the Year Ended 30 June 2015

18. INTANGIBLE ASSETS AND GOODWILL

Reconciliation of carrying amounts at the beginning and end of the period.

	Goodwill	Broadcast Licences	Program Rights	Infrastructure Access Licence	Business Software and Development Costs	Website Development Costs	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost							
At 1 July 2013	18,355	182,963	4,000	3,772	16,194	550	225,834
Additions	-	-	10,000	113	257	-	10,370
Disposals	-	-	-	-	(197)	-	(197)
Classification Transfer	-	-	-	-	184	-	184
At 30 June 2014	18,355	182,963	14,000	3,885	16,438	550	236,191
Additions	-	-	-	167	1,608	-	1,775
Disposals	-	-	-	-	(2,237)	-	(2,237)
Classification Transfer	-	-	-	-	-	-	-
At 30 June 2015	18,355	182,963	14,000	4,052	15,809	550	235,729
Amortisation and impairment							
At 1 July 2013	(14,874)	-	(3,200)	(938)	(9,192)	(336)	(28,540)
Amortisation charges	-	-	(2,067)	(687)	(1,109)	(183)	(4,046)
Disposals	-	-	-	-	7	-	7
Classification Transfer	-	-	-	-	196	-	196
At 30 June 2014	(14,874)	-	(5,267)	(1,625)	(10,098)	(519)	(32,383)
Amortisation charges	-	-	(2,066)	(687)	(1,408)	(31)	(4,192)
Disposals	-	-	-	-	2,235	-	2,235
Classification Transfer	-	-	-	-	-	-	-
At 30 June 2015	(14,874)	-	(7,333)	(2,312)	(9,271)	(550)	(34,340)
Net Book Value							
At 30 June 2015	3,481	182,963	6,667	1,740	6,538	-	201,389
Total Current	-	-	1,667	-	-	-	1,667
Total Non-Current	3,481	182,963	5,000	1,740	6,538	-	199,722
At 30 June 2014	3,481	182,963	8,733	2,260	6,340	31	203,808
Total Current	-	-	2067	-	-	-	2,067
Total Non-Current	3,481	182,963	6,666	2,260	6,340	31	201,741

Notes to the Financial Statements

For the Year Ended 30 June 2015

(A) DESCRIPTION OF THE GROUP'S INTANGIBLE ASSETS AND GOODWILL

(i) Broadcast Licences

Television broadcast licences have been acquired through business combinations and consist of the right to broadcast television to specific market areas. The licences are carried at cost less accumulated impairment losses. The licences are subject to renewal by broadcasting authorities in Australia at no significant cost to the Company. The directors have no reason to believe the licences will not be renewed at the end of their current legal terms.

(ii) Program Rights

Program Rights represent the purchased rights to broadcast certain programs at some time in the future. These program rights are amortised to the profit and loss over the term of the contract to which the rights relate. The carrying value of the rights is cost less accumulated amortisation and impairment losses.

(iii) Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is indication of impairment (refer to section (b) of this note).

(iv) Infrastructure Access Licence

Infrastructure access licenses represent licences acquired to use transmission facilities for periods up to 10 years. The licences are amortised to the profit and loss over the term of the licence.

(v) Business Software and Development Costs

Business software and development costs represent the cost to implement a new television sales and traffic software system. Amortisation of the asset begins when the development is complete and the asset is available for use. It will be amortised over the period of the expected future benefit. The carrying value of the rights is cost less accumulated amortisation and impairment losses.

(vi) Web Site Development Costs

Website development costs represented the costs to integrate the PRIME7 and GWN7 news broadcast to deliver localised content online.

(B) IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

(i) Television Broadcasting

On an annual basis management undertakes a value-in-use assessment of the carrying value of its television broadcasting unit's intangible assets, which consist of television broadcast licences and goodwill, to test for impairment. The value-in-use calculation is based on the annual budget approved by the Board projected over a 5 year period using growth rate assumptions. The compound annual growth rate for advertising revenue over the 5 year period was assumed to be 0.0%. The rate was determined based on available industry research. Cashflows beyond the 5 year forecast period were extrapolated using a terminal growth rate of 2.0% (2014: 3.0%). The pre-tax discount rate applied to the cash flow projections is 10.95% (2014: 10.96%). The Discounted Cash flow (DCF) valuation of the intangibles assets gives a recoverable amount in excess of the current carrying value.

Notes to the Financial Statements

For the Year Ended 30 June 2015

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Carrying amount of Intangibles allocated to each of the cash generating units		
Television Broadcasting Licences	182,963	182,963
Broadcast Licences	182,963	182,963
Goodwill	3,481	3,481
Goodwill on Acquisition	3,481	3,481

(C) KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS

The value in use calculation for the television broadcasting licences is most sensitive to the following assumptions:

- Discount rate; and
- Terminal growth rate used to extrapolate cash flows.

The discount rate represents the current market assessment of the risks specific to the Group, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings that the Group is obliged to service. Specific risks are incorporated by applying a beta factor. The beta factor is evaluated annually based on publicly available market data.

Growth rate estimates are based on published industry research, which is obtained on a regular basis throughout the reporting period.

(D) SENSITIVITY OF ASSUMPTIONS

The calculations used to assess the fair value of indefinite life intangible assets are sensitive to changes in key assumptions as follows:

- a 2 percentage point increase in the discount rate will not result in an impairment to the carrying value of indefinite life intangible assets; and
- a 2 percentage point reduction in the terminal growth rate will not result in an impairment to the carrying value of indefinite life intangible assets.

Notes to the Financial Statements

For the Year Ended 30 June 2015

19. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
Current		
Trade payables ⁽ⁱ⁾	3,366	1,102
Accrued expenses	24,722	25,194
Accrued employee leave entitlements	7,875	6,974
	35,963	33,270

⁽ⁱ⁾ Trade payables are non-interest bearing and are normally settled on 30 day terms.

(A) FAIR VALUES

Due to the short term nature of these payables, their carrying value is considered to approximate their fair value.

20. INTEREST-BEARING LOANS AND BORROWINGS

		2015 \$'000	2014 \$'000
Current			
Obligations under finance lease contracts (Note 24(e))	2015	270	246
		270	246
Non-current			
Obligations under finance lease contracts (Note 24(e))	2016 – 2017	402	672
\$175 million secured bank loan facility (2014: \$175 million)	2018	88,064	118,727
		88,466	119,399

TERMS AND CONDITIONS

Bank loan facility

In 2014, the Company extended its bank loan facility to March 2018 and permanently reduced the facility limit to \$175 million. The facility is secured by a charge over the assets of the borrower group comprising all wholly owned entities in Australia, but excluding Broadcast Production Services Pty Limited and its subsidiaries. Interest is charged at the BBSY rate plus a margin of between 1.50% and 1.80%.

(A) FAIR VALUES

The carrying amount of the Group's current and non-current borrowings approximates their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates varying from 3.6% to 4.4% (2014: 4.2% to 4.7%), depending on the type of borrowing.

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in Note 25. However the directors do not expect those potential financial liabilities to crystallise into obligations and therefore financial liabilities disclosed in the above table are the directors' estimate of amounts that will be payable by the Group. No material losses are expected and as such, the fair values disclosed are the directors' estimate of amounts that will be payable by the Group.

Details regarding interest rate risk are disclosed in Note 4.

(C) DEFAULTS AND BREACHES

During the current and prior years, there were no defaults or breaches on any of the loans.

Notes to the Financial Statements

For the Year Ended 30 June 2015

21. PROVISIONS

	Consolidated	
	2015	2014
	\$'000	\$'000
Current		
Provision for asset decommissioning	115	215
Directors' retiring provision	250	230
	365	445
Non-current		
Long service leave	417	336
	417	336

(A) MOVEMENTS IN PROVISIONS

Movements in each class of provisions during the financial year are set out below:

	Directors Retiring Provision \$'000	Provision for Asset Decommissioning \$'000	Long Service Leave \$'000	TOTAL \$'000
At 1 July 2014	230	215	336	781
Arising during the year	20	-	134	154
Utilised	-	(100)	(53)	(153)
At 30 June 2015	250	115	417	782
Current 2015	250	115	-	365
Non-current 2015	-	-	417	417
Total	250	115	417	782
Current 2014	230	215	-	445
Non-current 2014	-	-	336	336
Total	230	215	336	781

(B) NATURE AND TIMING OF THE PROVISIONS

(i) Provision for Asset Decommissioning

The Group has recognised a provision for decommissioning costs for the removal of analogue transmission equipment.

(ii) Director's Retiring Provision

Refer to Remuneration Report. The Directors' Retiring provision was approved by shareholders in November 1997.

(iii) Long Service Leave

Refer to Note 2(s) for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

Notes to the Financial Statements

For the Year Ended 30 June 2015

22. CONTRIBUTED EQUITY

(A) ISSUED AND PAID UP CAPITAL

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Ordinary shares fully paid		
366,330,303 shares (2014: 366,330,303 shares)	310,262	310,262

(B) MOVEMENTS IN SHARES ON ISSUE

	2015		2014	
	Number of shares	\$'000	Number of shares	\$'000
<i>Ordinary</i>				
Beginning of the financial year	366,330,303	310,262	366,330,303	310,262
End of the financial year	366,330,303	310,262	366,330,303	310,262

(C) EQUITY SETTLED SHARE BASED PAYMENTS

Prime Media Group Limited Performance Rights Plan

During the financial year 1,517,438 performance rights (2014: 1,430,000) were issued over ordinary shares. Nil performance rights were cancelled by the Company (2014: Nil).

At the end of the year there were 4,527,438 (2014: 3,976,000) un-issued ordinary shares in respect of which performance rights were outstanding.

(D) TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

Ordinary shares

Holders of ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(E) CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value.

The Group manages its capital structure and has regard for changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

During 2015, the Company paid dividends of \$24,178,000 (2014: \$26,742,000). The Board's target for dividend payments is up to 75% of core earnings per share. The Board reviews the dividend target as necessary.

Notes to the Financial Statements

For the Year Ended 30 June 2015

The Board and management monitor capital requirements with regard to its banking covenant requirements as well as comparative guidance to companies of similar size and nature of operations. The key capital management measures that the Company reviews on an ongoing basis are:

	Target	At Balance Date
Shareholder funds (Net Assets) ⁽¹⁾	> \$135,000,000	\$303,613,000
Net Debt to EBITDA	< 3.25 times	1.4
Interest Cover to EBITDA	> 3.0 times	13.0

⁽¹⁾ Shareholder Funds have been adjusted to reflect the value of the Licences, as set out in the most recent independent valuation obtained December 2012.

23. RETAINED EARNINGS AND RESERVES

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Employee benefits equity reserve	4,150	3,957
	4,150	3,957
Accumulated losses	(140,536)	(151,979)

(A) EMPLOYEE BENEFITS EQUITY RESERVE

(i) Nature and purpose of reserve

The employee benefits equity reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 27 for further details of these plans.

(ii) Movements in reserve

Balance at beginning of year	3,957	3,207
Exercise of performance rights	(887)	-
Share based payment	1,080	750
Balance at end of year	4,150	3,957

(B) (ACCUMULATED LOSSES)/RETAINED PROFITS

Balance at the beginning of year	(151,979)	(156,801)
Net profit attributable to members of Prime Media Group Limited	35,621	33,852
Reclassification	-	(2,288)
Total accumulated losses	(116,358)	(125,237)
Dividends provided for or paid	(24,178)	(26,742)
Balance at end of year	(140,536)	(151,979)

Notes to the Financial Statements

For the Year Ended 30 June 2015

24. COMMITMENTS

(A) CAPITAL EXPENDITURE COMMITMENTS

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Estimated capital expenditure contracted for at reporting date, but not provided for, payable:		
– not later than one year	333	1,959

(B) LEASE EXPENDITURE COMMITMENTS – GROUP AS LESSEE

Operating leases (Continuing Operations Group as lessee):

Minimum lease payments

– not later than one year	7,079	6,700
– later than one year and not later than five years	19,492	19,132
– later than five years	10,757	13,291

Aggregate lease expenditure contracted for at reporting date

37,328 39,123

Operating leases have an average lease term of 3 years for Motor Vehicles, 3 to 5 years for building leases, and 5 to 15 years for transmission site access agreements. Motor Vehicle leases are fixed monthly rentals for the term of the lease. Building leases are generally fixed for the initial lease term, then subject to Consumer Price Index adjustments if options are taken up. The majority of the transmission site leases are rentals that are subject to annual Consumer Price Index adjustment. There are no restrictions placed upon the lessee by entering into these leases.

(C) LEASE EXPENDITURE COMMITMENTS - GROUP AS LESSOR

Certain assets owned or under operating leases with excess capacity have been sub-let to third parties. These non-cancellable leases have remaining terms of between 1 to 15 years. All leases include clauses to enable upward revision of the rental charges on an annual basis according to increases in the Consumer Price Index.

Operating leases (non-cancellable Group as lessor):

Minimum lease payments receivable

– not later than one year	1,731	1,580
– later than one year and not later than five years	4,470	3,707
– later than five years	1,740	1,118

Aggregate lease income contracted for at reporting date

7,941 6,405

(D) OTHER COMMITMENTS COVERING THE RENTAL OF TECHNICAL EQUIPMENT UNDER A LONG TERM AGREEMENT

The technical communications equipment that is fundamental to the distribution of the television programming and data communications is leased through long term operating leases between 7 and 15 years.

– not later than one year	4,400	5,250
– later than one year and not later than five years	18,098	17,771
– later than five years	6,123	10,850
	28,621	33,871

Notes to the Financial Statements

For the Year Ended 30 June 2015

(E) FINANCE LEASE COMMITMENTS

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
– not later than one year	315	312
– later than one year and not later than five years	420	735
Total minimum lease payments	735	1,047
– future finance charges	(63)	(129)
Lease liability	672	918
– current liability	270	246
– non-current liability	402	672
	672	918

(F) FINANCE LEASE COMMITMENTS AT PRESENT VALUE

– not later than one year	301	299
– later than one year and not later than five years	371	619
Present value of minimum lease payments	672	918

(G) OTHER COMMITMENTS COVERING TRANSMISSION MAINTENANCE, SITE INSTALLATION AND MANAGEMENT SERVICES

The Company entered into a contract with Broadcast Transmission Services Pty Limited (refer to Note 30) on 1 April 2008, for the provision of site maintenance services over a 10 year period at an annual cost of \$1,200,000 per annum.

– not later than one year	1,200	1,200
– later than one year and not later than five years	2,100	3,300
	3,300	4,500

Notes to the Financial Statements

For the Year Ended 30 June 2015

25. CONTINGENT LIABILITIES

The Group has guaranteed to an unrelated third party the payment of a contractual commitment of WA SatCo Pty Limited, an associate company in which the Group holds 50% of the share capital. WA SatCo Pty Limited has entered into a non-cancellable contract for the purchase of satellite services in WA until 30 June 2020 at the rate of \$2,346,192 per annum. In the event that WA SatCo Pty Limited defaults on any payments under this contract, the Group may be liable for full payment under the guarantee it has provided. WA SatCo Pty Limited has simultaneously entered into an agreement with the Commonwealth Government which provides for 100% funding of this satellite service to 30 June 2020. This agreement can be terminated without notice by the Commonwealth Government.

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Maximum potential contingent commitment arising from the above mentioned guarantee:		
- not later than one year	2,346	2,346
- later than one year and not later than five years	9,384	9,384
- later than five years	-	2,346
Maximum contingent commitments	11,730	14,076

As noted above the entire maximum potential contingent commitment is offset by government funding.

26. EMPLOYEE BENEFIT LIABILITY

EMPLOYEE BENEFITS

		CONSOLIDATED	
		2015	2014
		\$'000	\$'000
The aggregate employee benefit liability is comprised of:	NOTES		
Accrued annual leave and long service leave (current)	19	7,875	6,974
Accrued long service leave (non-current)	21	417	336
		8,292	7,310

27. SHARE BASED PAYMENTS

(A) RECOGNISED SHARE BASED PAYMENT EXPENSES

The expense recognised for employee services received during the year is shown in the table below:

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Expense arising from equity-settled share-based payment transactions	1,080	750

The share-based payment plan is described below. During the financial year, nil performance rights lapsed (2014: Nil), nil performance rights were forfeited (2014: Nil) and nil performance rights were cancelled (2014: Nil).

Notes to the Financial Statements

For the Year Ended 30 June 2015

(B) PRIME MEDIA GROUP LIMITED PERFORMANCE RIGHTS PLAN

At the 2011 Annual General Meeting, shareholders approved the Prime Media Group Limited Performance Rights Plan, which was established for Senior Executives of the consolidated entity. The rights are issued for nil consideration and are granted in accordance with the plan's guidelines established by the Directors of Prime Media Group Limited. The rights vest over a 36 month period subject to continuing service and achieving the following targets:

- 60% of the rights will be subject to achievement of annual core earnings per share (EPS) targets; and
- 40% of the rights will be subject to achievement of annual power ratio targets (revenue share: audience share).

The rights cannot be transferred and will lapse 30 days after vesting date.

(C) SUMMARY OF RIGHTS GRANTED UNDER PRIME MEDIA GROUP LIMITED PERFORMANCE RIGHTS

The following table outlines the number (No.) and weighted average exercise price (WAEP) of, and movements in, performance rights on issue during the year.

	2015		2014	
	No.	WAEP	No.	WAEP
Balance at beginning of year	3,976,000	\$0.00	2,546,000	\$0.00
- granted	1,517,438	-	1,430,000	-
- exercised	(966,000)	-	-	-
- lapsed	-	-	-	-
- cancelled	-	-	-	-
- forfeited	-	-	-	-
Balance at end of year	4,527,438	\$0.00	3,976,000	\$0.00
Exercisable at end of year	-	-	-	-

(D) PERFORMANCE RIGHTS PRICING MODEL

Prime Media Group Performance Rights Plan

Employees must remain in service for a period of three years from date of grant. The fair value of performance rights granted in 2015 and 2014 was estimated at the date of the grant using a Black-Scholes methodology, taking into account the terms and conditions upon which the performance rights were granted.

The fair value of performance rights granted in 2013 and prior years was estimated at the date of the grant using a Monte-Carlo methodology, taking into account the terms and conditions upon which the performance rights were granted. The fair value of performance rights granted during the year was estimated on the date of grant using the following inputs to the model:

	2015		2014	2013	
	Nov 14	Aug 14	Nov 2013	Oct 2012	Nov 2012
Expected annual dividends	6.80	7.30	6.89	8.23	8.23
Expected volatility (%)	26.94%	27.45%	29.00	33.65	35.02
Expected life of performance rights (years)	3	3	3	3	3
Performance rights exercise price (\$)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Share price at grant date (\$)	\$0.86	\$1.03	\$1.06	\$0.80	\$0.81

Notes to the Financial Statements

For the Year Ended 30 June 2015

The dividend yield reflects the assumption that the current dividend payout will continue. The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

(E) WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE

The weighted average remaining contractual life of performance rights outstanding as at 30 June 2015 is 1.3 years (2014: 1.5 years).

(F) RANGE OF EXERCISE PRICE

The range of exercise price for performance rights outstanding at the end of the year was \$0.00 (2014: \$0.00).

(G) WEIGHTED AVERAGE FOR VALUE

The weighted average fair value of performance rights granted during the year was \$0.75 (2014: \$0.84).

28. SUBSEQUENT EVENTS

On 28 July 2015, the Company announced that it had begun broadcasting the Victorian Racing.com racing network to the viewing areas of regional Northern NSW, Gold Coast, Southern NSW, the Australian Capital Territory, Victoria and Western Australia on Channel 68.

29. AUDITOR'S REMUNERATION

Amounts received or due and receivable by Ernst & Young Australia for:

- an audit or review of the financial report of the entity and any other entity in the consolidated entity
- other services in relation to the entity and any other entity in the consolidated entity
- amounts received or due and receivable by related practices of Ernst & Young

CONSOLIDATED	
2015	2014
\$	\$
264,974	296,109
57,344	73,703
23,870	12,906
346,188	382,718

Notes to the Financial Statements

For the Year Ended 30 June 2015

30. RELATED PARTY DISCLOSURES

(A) SUBSIDIARIES

The consolidated financial statements include the financial statements of Prime Media Group Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Equity Interest	
		2015 %	2014 %
Prime Television (Holdings) Pty Limited	Australia	100	100
Prime Television Digital Media Pty Limited	Australia	100	100
Prime Digital Media Pty Limited	Australia	100	100
Prime Media Group Services Pty Limited	Australia	100	100
Prime Media Communications Pty Limited	Australia	100	100
Prime New Media Investments Pty Limited	Australia	100	100
Prime Growth Media Pty Limited	Australia	100	100
Prime Television (Victoria) Pty Limited	Australia	100	100
Prime Properties (Albury) Pty Limited	Australia	100	100
Prime Television (Southern) Pty Limited	Australia	100	100
Prime Television (Northern) Pty Limited	Australia	100	100
Prime Television Investments Pty Limited	Australia	100	100
Golden West Network Pty Limited	Australia	100	100
Mining Television Network Pty Limited	Australia	100	100
Telepro Pty Limited	Australia	100	100
135 Nominees Pty Limited	Australia	100	100
Golden West Satellite Communications Pty Limited	Australia	100	100
Mid-Western Television Pty Limited	Australia	100	100
Geraldton Telecasters Pty Limited	Australia	100	100
Zamojill Pty Limited	Australia	100	100
Seven Affiliate Sales Pty Limited	Australia	100	100
Prime Media Broadcasting Services Pty Limited	Australia	100	100
Broadcast Production Services Pty Limited	Australia	100	100
Production Strategies Pty Limited as trustee for Production Strategies Discretionary Trust	Australia	100	100
Wastar International Pty Limited	Australia	100	100
Screenworld Pty Limited	Australia	100	100
OSB Holdings Pty Limited as trustee for the OSB Unit Trust	Australia	100	100
On Site Broadcasting Pty Limited	Australia	100	100
OSB Australia Pty Limited	Australia	100	100
OSB Corporation Pty Limited	Australia	100	100
On Corporation Pty Limited	Australia	100	100
Prime Digitalworks Pty Limited	Australia	100	100
Broadcast Rentals Pty Limited	Australia	100	100
Prime Television New Zealand Limited (de-registered 14 July 2015)	New Zealand	100	100
Prime Ventures New Zealand Limited	New Zealand	-	100

Notes to the Financial Statements

For the Year Ended 30 June 2015

(B) ULTIMATE PARENT

Prime Media Group Limited is the ultimate Australian entity and the ultimate parent entity of the Group.

(C) KEY MANAGEMENT PERSONNEL (KMP)

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
Short term employee benefits	4,568	3,921
Post-employment benefits	154	122
Long term benefits	55	29
Share based payments	1,080	744
TOTAL	5,857	4,816

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period that related to KMP. Details of remuneration amounts paid to individual KMP are disclosed in tables 1 and 2 of section 4 of the Remuneration Report.

(D) TRANSACTIONS WITH RELATED PARTIES

Wholly owned group transactions

Sales and purchases are made within the wholly owned group in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year end are unsecured, interest free and settled through intercompany accounts.

RBA Holdings Pty Limited

This company is owned by regional television operators. This company operates as a provider of transmission facilities under the Digital Black Spots Infill licence. The Company has entered into agreements under normal commercial terms and conditions with this company to use these transmission facilities for periods up to 10 years.

Regional TAM Pty Limited

This company is owned by regional television operators to facilitate and manage the audience metering services for the regional television markets. The Company is party to a commercial agreement in which it purchases ratings services from Regional TAM Pty Limited. This agreement is under normal commercial terms and conditions.

WA SatCo Pty Limited

WA SatCo Pty Limited is owned by the Company and WIN Television Pty Limited and has been engaged by the Commonwealth Government to provide the WA Vast Service until 30 June 2020. The shareholders of the company provide services to WA SatCo to enable its operations. These services are recovered from WA SatCo on a cost recovery basis.

Broadcast Transmission Services Pty Limited (BTS)

The Company has a 33% shareholding in BTS. BTS provides transmission maintenance, site installation and management services to regional broadcasters and other third party customers. The Company entered into a contract with BTS for the provision of site maintenance services for the period to 2018 at an annual cost of \$1,200,000 per annum under normal commercial terms and conditions.

Notes to the Financial Statements

For the Year Ended 30 June 2015

Channel Seven Queensland Pty Limited

The Company provides sales representation services to Channel Seven Queensland Pty Limited, an entity associated with one of the Company's major shareholders. The fees payable by Channel Seven Queensland Pty Limited are based on normal commercial terms and conditions applicable to this type of service.

Riley Street Consulting Pty Limited

This company, which provided consulting services to the Group to the value of \$10,190 during the period, has an association with the Group's General Counsel and Company Secretary. The consultancy fees payable by the Group were reviewed and approved by the CEO prior to the services being provided, and were based on normal commercial terms and conditions applicable to this type of service.

31. PARENT ENTITY INFORMATION

	PRIME MEDIA GROUP LIMITED	
	2015	2014
	\$'000	\$'000
Current assets	106	235
Total assets	312,078	382,914
Current liabilities	5,477	2,240
Total liabilities	103,515	146,816
Issued capital	310,262	310,262
Retained earnings	(105,849)	(78,746)
Employee benefits reserve	4,150	4,583
Total shareholders' equity	208,563	236,099
Loss of the parent entity	(3,550)	(3,790)
Total comprehensive loss of the parent entity	(3,550)	(3,790)

GUARANTEES ENTERED INTO BY PRIME MEDIA GROUP LIMITED IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

As a condition of the Class Order, Prime Media Group Limited and its 100% owned Australian resident subsidiaries (the "Closed Group") entered into a Deed of Cross Guarantee on 17 October 2006 as amended from time to time by assumption deed for the addition and removal of controlled entities. The effect of the deed is that Prime Media Group Limited has guaranteed to pay any deficiency in the event that a controlled entity within the Closed Group is wound up. The controlled entities within the Closed Group have also given a similar guarantee in the event that Prime Media Group Limited is wound up. (Refer Note 15).

CONTINGENT LIABILITIES OF PRIME MEDIA GROUP LIMITED

By virtue of being a member of the Deed of Cross Guarantee mentioned above, the Company has guaranteed to pay any deficiency in the event of winding up Golden West Network Pty Limited (GWN), a wholly owned subsidiary and party to the Deed of Cross Guarantee. GWN has guaranteed to an unrelated third party the payment of a contractual commitment on behalf of WA SatCo Pty Limited, an associate company in which GWN holds 50% of the share capital. WA SatCo Pty Limited has entered into a non-cancellable contract for the purchase of satellite services in WA until 30 June 2020 at the rate of \$2,346,192 per annum. In the event that WA SatCo Pty Limited defaults on any payments under this contract, GWN may be liable for full payment under the guarantee it has provided. WA SatCo Pty Limited has simultaneously entered into an agreement with the Commonwealth Government which provides for 100% funding of this satellite service to 30 June 2020. This agreement can be terminated without notice by the Commonwealth Government.

Directors' Declaration – Year Ended 30 June 2015

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

1. In the opinion of the directors:
 - a. the financial statements and notes of Prime Media Group Limited for the financial year ended 30 June 2015 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards and the *Corporations Regulations 2001*;
 - b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(b); and
 - c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2015.

On behalf of the Board



P.J Macourt
Director

Sydney, 26 August 2015

Independent Auditor's Report to Prime Media Group Limited

We have audited the accompanying Compliance Certificate of Prime Media Group Limited ("Prime") as at 30 June 2015. The Compliance Certificate has been prepared by management based on the Facility amended Agreement dated 31 January 2014 (the "Agreement") between Prime (as Borrower) and the Australia and New Zealand Banking Group Limited (as the Lender).

Directors' Responsibility for the Compliance Certificate

The directors of Prime are responsible for the preparation of the Compliance Certificate and have determined that the basis of preparation is in accordance with the amended Agreement. The directors are also responsible for such internal controls as they determine are necessary to enable the preparation of the Compliance Certificate that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Compliance Certificate 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 about whether the Compliance Certificate is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Compliance Certificate. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Compliance Certificate, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the Compliance Certificate 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 entity's internal controls. 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 Compliance Certificate.

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

Opinion

In our opinion, the Compliance Certificate of Prime Media Group Limited as at 30 June 2015 is prepared, in all material respects, in accordance with the Facility amended Agreement dated 31 January 2014 (the "Agreement") between Prime (as Borrower) and the Australia and New Zealand Banking Group Limited (as the Lender).

Basis of Accounting and Restriction on Distribution

The Compliance Certificate is prepared to assist Prime Media Group Limited to meet the requirements of the amended Agreement. As a result, the Compliance Certificate may not be suitable for another purpose. Our report is intended solely for Prime Media Group Limited and the Australia and New Zealand Banking Group Limited (as the Lender) and should not be distributed to parties other than Prime Media Group Limited or the Australia and New Zealand Banking Group Limited (as the Lender).



Ernst & Young
Sydney
26 August 2015

ASX Additional Information – Year Ended 30 June 2015

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 20 August 2015.

A. Distribution of Equity Securities

Ordinary shares

As at 20 August 2015, total number of fully paid up shares on issue is 366,330,303.

The number of shareholders, by size of holding, in each class of share is:

		Number of holders
1	– 1,000	603
1,001	– 5,000	1,141
5,001	– 10,000	730
10,001	– 100,000	1,180
100,001	and over	102
		<hr/> 3,756
	The number of shareholders holding less than a marketable parcel of shares:	<hr/> 460

B. Twenty Largest Registered Shareholders

The names of the twenty largest registered holders of quoted shares at 20 August 2015 are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	JP Morgan Nominees Australia Limited	59,433,027	16.22
2	National Nominees Limited	49,918,679	13.63
3	RBC Investor Services Australia Nominees Pty Limited	42,455,701	11.59
4	Network Investment Holdings Pty Limited	41,701,955	11.38
5	BNP Paribas Noms Pty Limited	20,976,729	5.73
6	Citicorp Nominees Pty Limited	20,142,789	5.50
7	HSBC Custody Nominees (Australia) Limited	14,538,160	3.97
8	AMP Life Limited	9,407,602	2.57
9	RBC Investor Services Australia Nominees Pty Limited	8,358,784	2.28
10	Birketu Pty Limited	8,000,000	2.18
11	Mr George Walter Mooratoff	5,000,000	1.36
12	HSBC Custody Nominees (Australia) Limited	4,531,231	1.24
13	RBC Investor Services Australia Nominees Pty Limited	3,478,260	0.95
14	Brispot Nominees Pty Ltd	2,479,308	0.68
15	Citicorp Nominees Pty Limited	2,426,766	0.66
16	Franel Pty Limited	1,650,000	0.45
17	Equitas Nominees Pty Limited	1,045,681	0.29
18	Mr Michael Siddle & Mrs Lee Siddle ATF Siddle Family	983,572	0.27
19	Mr Gerard Van Camp and Mrs Joanna Van Camp	926,305	0.25
20	CVC Limited	908,657	0.25
		<hr/> 298,363,206	<hr/> 81.45

C. Substantial Shareholders

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

	Number of shares	Percentage of ordinary shares
Perpetual Limited	53,911,700	14.72%
Network Investment Holdings Pty Ltd and Seven Group Holdings Limited	41,701,955	11.38% [#]
Ashblue Holdings Pty Limited and Mr Kerry Stokes	41,701,955	11.38% [#]
North Aston Pty Limited, Wroxby Pty Limited, Australian Capital Equity Pty Limited, ACE Group entities and Mr Kerry Stokes	41,701,955	11.38% [#]
Invesco Australia Limited	21,405,049	5.84%
NovaPort Capital Pty Limited	21,335,304	5.82%

[#] These substantial shareholdings relate to the same parcel of shares.

D. Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.