Macquarie Radio Network Limited

Annual Report 2015

ON AIR

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CHAIRMAN'S REPORT

Dear Shareholders,

The completion of the merger on April 1st 2015 of Macquarie Radio Network Limited ("MRN") and Fairfax Radio Network Pty Limited ("FRN") represented a profound and very positive change to our Company. To give effect to the merger, MRN acquired 100% of the share capital of FRN in exchange for the issuance of 93,196,512 new MRN shares to Fairfax Media Limited ("FML") and an equalising cash amount of $18,141,209. Following the issuance of the new shares, FML held 54.5% of MRN shares and existing MRN shareholders held 45.5%.

The merger was intended for management and operational purposes to be a "merger of equals". That intent was reflected in a post-merger Board structure which comprised two representatives nominated by each of MRN and FRN shareholders, plus one Independent Director. Both parties agreed that as one of the MRN nominees, I would remain Executive Chairman post-merger.

I am pleased to report that at both Board and senior management levels the intent has also been reflected in practice. Operationally the two companies, and two different cultures, have come together quite seamlessly. We are now commencing the final stages of integration which will include consolidation of accounting and reporting systems, and will realise Stage 2 cost synergies in the order of $3 - $5 million.

In accounting terms, and in accordance with Australian Accounting Standards, the merger transaction was treated as a reverse acquisition with FRN being treated as the acquirer of MRN. Consequently MRN's reported financial results for the year ended June 30 2015 included nine months (July 2014 - March 2015) of FRN results only, and three months (April 2015 - June 2015) of consolidated results. Commenting on the results in August, I said that "the combination of reverse acquisition accounting, and an operational focus in facilitating the pathway to merged operations for both FRN and MRN in the January - June half meant that the FY15 results should be viewed in isolation", and that "there is very little that can be taken from these results as a pointer to the future performance of the Company".

I went on to indicate that we believed FY16 earnings (EBITDA) would be in the range of $20 - $25 million, and at this early stage we remain confident of achieving that level of earnings. We are well on track to achieving our cost synergy targets and in terms of our revenue potential we continue to take great confidence from the reaction of advertisers to our new network of stations and the size and quality of our national audience. The rate at which we are able to convert that revenue potential will be the key determinant of our earnings growth and trajectory.

In closing I would say to all shareholders that the merged entity that is today's Macquarie Radio Network Limited is already a much stronger Company in all respects than the sum of its previous parts. There remains though a lot of work to be done if we are to realise the full value of the merger, and I can assure you that at both Board and senior management levels, we will be satisfied with nothing less than full value.

Russell Tate

DIRECTORS' REPORT

Your Directors submit their report on the consolidated entity (referred to hereinafter as the 'Group' or the 'consolidated entity') consisting of Macquarie Radio Network Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015.

On 31 March 2015, Macquarie Radio Network Limited acquired 100% of the share capital of Fairfax Radio Network Pty Limited from Fairfax Media Limited in exchange for shares in Macquarie Radio Network Limited. The acquisition of Fairfax Radio Network Pty Limited is considered a reverse acquisition, with Fairfax Radio Network Pty Limited being considered the parent for reporting purposes and the business combination being accounted for under AASB 3 'Business Combinations'.

The consolidated financial statements therefore reflect a continuation of the financial statements of Fairfax Radio Network Limited. The consolidated financial statements for the year ended 30 June 2015 under reverse acquisition accounting principles, include the results of Fairfax Radio Network Pty Ltd for the year and Macquarie Radio Network Limited for the three months from 31 March 2015.

DIRECTORS

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

Russell Tate

Gregory Hywood (appointed 31 March 2015)

James Millar AM (appointed 31 March 2015)

Jack Singleton

Louise McCann (appointed 10 June 2015)

Maureen Plavsic (resigned 31 March 2015)

Max Donnelly (resigned 31 March 2015)

Kate Thompson (resigned 31 March 2015)

Refer to Directors' details on page 14 to 15.

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

Group overview

On 31 March 2015, the Group acquired 100% of the share capital of Fairfax Radio Network Pty Limited from Fairfax Media Limited in exchange for shares in Macquarie Radio Network Limited. Accordingly the Financial Statements comprise 9 months of Fairfax Radio Network Pty Limited results and 3 months of combined Macquarie Radio Network Ltd results. From 31 March 2015 the Group owns and operates the following commercial radio stations:

- Sydney – 2GB, 2UE and 2CH
- Melbourne – 3AW and Magic 1278
- Brisbane – 4BC and Magic 882
- Perth – 6PR
- Eight stations based in regional Queensland (Macquarie Regional Radio).

In addition to above, the Group owns a public relations agency, a company responsible for syndicating programming content, a music distribution business and also produces digital and online media through its websites.

On 30 January 2015, the Group completed the sale of its Perth-based radio station 96FM to APN News & Media Limited for proceeds of $76.1 million. The business of Macquarie Regional Radio Pty Ltd is also being actively marketed and the sale is highly probable. Both businesses are therefore presented as discontinued operations.

Group financial performance

Total revenues and other income of $97.467 million were 15% ahead of prior year. Operating revenues were up 14% on the prior year. The current year included three months of combined results following the merger of the Macquarie Radio Network Limited and Fairfax Radio Network Pty Ltd operations.

Reported Earnings before Interest, Tax and Depreciation and Amortisation (EBITDA) of $48.677 million represents a 267% increase on the previous corresponding period, largely due to a one off gain on sale of subsidiary 96FM. Underlying EBITDA, which excludes a net gain of $39.753 million in discontinued operations and significant items as detailed in this Report, increased by 96% to $8.96 million. The improved underlying position was largely a result of the inclusion of three months of combined results following the merger on 31 March 2015.

The Group's net assets increased by 20% compared with the previous year, which is largely attributable to the addition of Macquarie Radio Network Limited assets effective from 1 April 2015. Compared with the prior year, the Group's borrowings increased by 100% to $39.391 million with undrawn debt facilities of $10.609 million. The net cash ouflows generated by operating activities of $1.803 million represent a 113% decrease on the prior year.

Strategy and future performance

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

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

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

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

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Macquarie Radio Network Limited acquired Fairfax Radio Network Pty Limited and its subsidiaries via reverse acquisition on 31 March 2015.

MEETINGS OF DIRECTORS

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

	Directors' Meetings		Audit Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Russell Tate	8	8	2	2	2	2
Gregory Hywood	2	2	-	-	-	-
James Millar (AM)	2	2	-	-	-	-
Jack Singleton	8	8	-	-	2	2
Louise McCann	-	-	-	-	-	-
Maureen Plavsic	6	6	-	-	1	1
Max Donnelly	5	6	2	2	-	-
Kate Thompson	5	6	-	-	-	-

Notes:

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

The above table has been prepared on the legal basis whereby directors of Macquarie Radio Network Limited for the duration of the year ended 30 June 2015 have been detailed.

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

REMUNERATION REPORT

Remuneration is referred to as compensation throughout this report.

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

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

- Russell Tate – Executive Chairman
- Adam Lang – Chief Operating Officer
- Lisa Young – Chief Financial Officer

2014 comparative remuneration information is not included in this Report as Fairfax Radio Network Pty Ltd was not a listed entity. David Housego and Gail Hambly were considered Key Management Personnel until 31 March 2015.

REMUNERATION POLICY

Objectives and policies

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

Remuneration structure

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

Non-executive Directors

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

Executive Directors and Management

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

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

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

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

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

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

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

Performance linked compensation includes short-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. Following the merger, the Nomination and Remuneration Committee are considering performance incentives for key management personnel.

Non-executive Directors

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

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

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

		Short-term					Post-employment	Other long-term		Share-based payments			
		Salary & Fees $	Annual leave movement $	STI cash bonus $	Non-monetary benefits $	Total $	Super-annuation benefits $	Total $	Termination benefits $	Options and rights $	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
DIRECTORS **Non-executive directors**													
Gail Hambly (resigned 31 March 2015)	2015	-	-	-	-	-	-	-	-	-	-	-	-
David Housego (resigned 31 March 2015)	2015	-	-	-	-	-	-	-	-	-	-	-	-
Greg Hywood (appointed 31 March 2015)	2015	-	-	-	-	-	-	-	-	-	-	-	-
James Millar AM (appointed 31 March 2015)	2015	17,123	-	-	-	17,123	1,627	-	-	-	18,750	-	-
Jack Singleton	2015	18,750	-	-	-	18,750	-	-	-	-	18,750	-	-
Louise McCann (appointed 10 June 2015)	2015	5,708	-	-	-	5,708	542	-	-	-	6,250	-	-
Executive directors													
Russell Tate (Chairman)	2015	250,000	-	-	-	250,000	1,710	-	-	-	251,710	-	-
EXECUTIVES													
Adam Lang, Chief Operating Officer	2015	475,216	20,624	-	-	495,840	18,783	1,188	-	393,262	909,073	-	-
Lisa Young, Chief Financial Officer	2015	48,750	905	-	-	49,655	4,631	5,796	-	-	60,082	-	-
Total compensation: key management personnel (group)	**2015**	**815,547**	**21,529**	**-**	**-**	**837,076**	**27,293**	**6,984**	**-**	**393,262**	**1,264,615**	-	-

The remuneration table above has been prepared on a reverse acquisition accounting basis as follows:

- 2014 comparative information is not included as Fairfax Radio Network Pty Limited was not a listed entity.
- Information for the year ended 30 June 2015 has been prepared as follows:
  - Gail Hambly and David Housego were Directors of Fairfax Radio Network Pty Limited for the period 1 July 2014 until their resignation on 31 March 2015. These two Directors were not remunerated for their services to Fairfax Radio Network Pty Limited.
  - Remuneration details for Macquarie Radio Network Limited Directors and key management personnel are provided from 1 April 2015 to 30 June 2015.
  - Adam Lang is considered key management personnel both under Fairfax Radio Network Pty Limited and Macquarie Radio Network Limited. Accordingly his remuneration is for the period 1 July 2014 to 30 June 2015.

Service Agreements and Bonus Schemes

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

The following Directors and key management personnel have service agreements with Macquarie Radio Network Limited in place at June 2015:

Russell Tate *(Executive Chairman)*

- Base salary is $498,000 p.a.
- Retention fee of $430,000 p.a.
- Directors' fees of $72,000 are paid in respect of his capacity as Chairman.

Adam Lang *(Chief Operating Officer)*

- Base salary is $510,000 p.a. including superannuation
- The agreement may be terminated with 16 weeks' written notice by the executive and 52 weeks' notice by the Company.
- Mr Lang was part of the Fairfax Media Limited share based payment arrangements. The 2013 scheme has a 3 year vesting period and is linked to the Total Shareholder Return and Earnings Per Share of Fairfax Media Limited. The 2014 and 2015 schemes granted options with vesting hurdles linked to the absolute total shareholder return over 3 years from the issue, with a retest in the fourth year. Under both the 2014 and 2015 scheme he is also entitled to receive performance shares for no consideration subject to the achievement of certain performance hurdles. Half of those shares granted are deferred for one year and the other half for two years. Mr Lang has been treated as a good leaver in respect of the 2014 scheme and the 2015 scheme has been modified, therefore the expense for both the 2014 and 2015 schemes has been accelerated in the 2015 year in accordance with the requirements of AASB 3.

Lisa Young *(Chief Financial Officer)*

- Base salary is $195,000 p.a.
- The agreement may be terminated with 8 weeks' notice by either party.

Details of performance related compensation

Details of the Group's policy in relation to the proportion of remuneration that is performance related is discussed on page 8.

Key management personnel equity holdings

Fully paid ordinary shares of Macquarie Radio Network Limited

The number of shares in the company held since 1 April 2015 by each director of Macquarie Radio Network Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2015

Name	Balance at 1 April 2015	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Macquarie Radio Network Limited Ordinary shares				
Russell Tate	552,628	-	-	552,628
Gregory Hywood	-	-	-	-
James Millar AM	-	-	-	-
Jack Singleton	-	-	-	-
Louise McCann	-	-	-	-
Other key management personnel of the Group Ordinary shares				
Adam Lang	-	-	-	-
Lisa Young	-	-	-	-

Loans to key management personnel

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

Share options of Macquarie Radio Network Limited

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

Other transactions with key management personnel

There were no other transactions.

DIRECTORS' RELEVANT INTERESTS IN THE SHARES OF THE COMPANY

The Directors' interests in shares in the Company are shown on page 11.

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

NON-AUDIT SERVICES

On 27 May 2015 ASIC consented to the resignation of Deloitte Touche Tohmatsu as auditor of the Company. Ernst & Young was appointed as the replacement auditor of the Company until the Annual General Meeting on 10 November 2015 at which time the shareholders will vote on Ernst & Young's reappointment.

Details of the amounts paid or payable to the auditor for audit services provided during the year are set out in Note 32 to the financial statements. There were no non-audit services provided during the year.

ENVIRONMENTAL ISSUES

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

DIVIDENDS

Dividends paid to members of the parent entity, Macquarie Radio Network Limited, during the financial year were as follows:

- Final ordinary franked dividend for the year ended 30 June 2014 of 5.0 cents per fully paid ordinary share — $3,890,000

Dividends paid to members of Fairfax Radio Network Pty Ltd during the financial year were as follows:

- Dividends paid — $102,316,000

INDEMNIFICATION OF DIRECTORS AND OFFICERS

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

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

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

INDEMNIFICATION OF AUDITORS

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

SUBSEQUENT EVENTS

As at the date of this report, no subsequent events have occurred.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 24.

ROUNDING OF AMOUNTS TO THE NEAREST THOUSAND DOLLARS

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

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

Russell Tate
Chairman

Dated this 10th day of August 2015

BOARD OF DIRECTORS

Russell Tate *Executive Chairman*

Mr Tate has over 30 years' experience in senior executive and consulting roles in marketing and media. He was CEO of ASX listed STW Communications Group Limited, Australia's largest marketing communications group, from 1997 to 2006, Executive Chairman from 2006 to 2008 and Deputy Chairman (non-executive) from 2008 to 2011. He is currently a Director of One Big Switch Pty Ltd and Collins Foods Limited. During the past three years Mr Tate has been Chairman of both Collins Foods Limited (since 2011) and One Big Switch Pty Ltd (since 2012). Mr Tate holds a Bachelor of Commerce (Econ.) from the University of New South Wales.

Gregory Hywood *Non-executive Director (appointed 31 March 2015)*

Mr Hywood has enjoyed a long career in the media and government. Mr Hywood was appointed to the Board of Directors of Fairfax Media Limited on 4 October 2010 and to the position of Chief Executive and Managing Director on 7 February 2011. A Walkley Award winning journalist, he held a number of senior management positions at Fairfax including Publisher and Editor-in-Chief of each of The Australian Financial Review, The Sydney Morning Herald / Sun Herald and The Age. He also held the position of Group Publisher Fairfax magazines. He was Executive Director Policy and Cabinet in the Victorian Premier's Department between 2004 and 2006, and from 2006 to 2010 was Chief Executive of Tourism Victoria.

James Millar AM *Non-executive Director (appointed 31 March 2015)*

Mr Millar is the former Chief Executive Officer of Ernst & Young (EY) in the Oceania Region and was a Director on their Global Board. Mr Millar commenced his career in the Insolvency and Reconstruction practice at EY, conducting some of the largest corporate workouts of the early 1990s. He has qualifications in both business and accounting. Mr Millar is a Non-executive Director of Mirvac Limited, Helloworld Limited and Fairfax Media Limited. He is Chairman of both the Export Finance and Insurance Corporation and Forestry Corporation of NSW. Mr Millar serves a number of charities where he is the Chairman of The Smith Family, and is a Trustee of the Australian Cancer Research Foundation and the Vincent Fairfax Family Foundation. He is a former Chairman of Fantastic Holdings Limited.

Jack Singleton *Non-executive Director*

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

Louise McCann *Non-executive Director (appointed 10 June 2015)*

Ms McCann has over 25 years' experience in media, publishing and market research in Australia, across Asia Pacific and internationally. Ms McCann is Non-executive Director of ASX 200 iiNet Limited, Grant Thornton Australia Limited, Chartered Accountants Australia and New Zealand, University of Notre Dame Australia and the Australia Physiotherapy Association. Louise has former experience as the Chief Executive Officer for Asia and Managing Partner for Australia for Hall & Partners, a specialist brand and communications market research agency. She also was Chairman and Chief Executive Officer at Research International (ANZ), Chief Executive Officer of OzTAM Pty Ltd and has served as the Industry President and Vice President for The Association of Market and Social Research Organisations. She also served as Director for the International Advertising Association's Australian Chapter and was previously a Non-executive Director of The Brain Bank. Louise has also held executive positions with the Ten Network, Dawson Magazine and senior production positions with the Australian Broadcasting Corporation.

Max Donnelly *Non-executive Director (resigned 31 March 2015)*

Mr Donnelly is a consultant of Ferrier Hodgson, one of Australia's leading turnaround, insolvency and reconstruction management groups. Mr Donnelly has been involved in insolvency, turnaround consulting and litigation support for over 30 years. Mr Donnelly is a Chartered Accountant and holds a Bachelor of Commerce from the University of New South Wales. Mr Donnelly resigned from his position as Director on 31 March 2015.

Maureen Plavsic *Non-executive Director (resigned 31 March 2015)*

Ms Plavsic joined Macquarie Radio Network Limited as a Director in April 2005 bringing with her considerable and broad experience in the media industry. Ms Plavsic has over 25 years' experience in marketing and media, including 14 years in various executive roles at the Seven Network, where she was also a Board member for five years. Her roles at the Seven Network included Chief Executive Officer of Broadcast Television and prior to that Director of Sales and Corporate Marketing. During the past three years, Ms Plavsic has been a director of Pacific Brands Limited (2004 to 2011), a Trustee of the National Gallery of Victoria and a Director of Bestest, a not for profit organisation that raises money for distribution to various children's charities. Ms Plavsic resigned from her position as Director on 31 March 2015.

Kate Thompson *Non-executive Director (resigned 31 March 2015)*

Ms Thompson is the Chief Operating Officer and Chief Legal Counsel at M.H. Carnegie & Co, and has more than 15 years of experience in law, specialising in corporate mergers and acquisitions. She was formerly Director, Legal Counsel and Head of Compliance at Australian investment bank, Lazard. She joined Lazard following Lazard's acquisition of Carnegie, Wylie & Company in 2007. At Carnegie, Wylie & Company, Ms Thompson worked as Legal Counsel, including providing in-house legal services to STW Communications Group Ltd. She is a director of Banjo Advertising, Manboom and a number of investee companies. Ms Thompson holds an LLB (Hons) from Bond University, Queensland. Ms Thompson resigned from her position as Director on 31 March 2015.

Lisa Young *Company Secretary*

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

CORPORATE GOVERNANCE STATEMENT

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

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

This Statement describes the Company's main corporate governance practices in place during 2015 and continues to be in place at the date of this Report.

BOARD OF DIRECTORS

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

Board role and responsibility

The principal responsibilities of the Board include:

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

During the 2015 financial year, the Board delegated responsibility for the day-to-day management and administration of the Company principally to the Chairman of the Company, working with the senior management team. The Recommendations recommend the roles of Chair and Chief Executive Officer should not be exercised by the same individual. Notwithstanding the Recommendations, the existing management structure is considered appropriate for the Company.

Composition of the Board

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

The Board currently comprises five Directors, including the Chairman.

Details of the background and particular expertise of each Director is set out on page 14 to 15.

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

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

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

Having regard to these criteria, there is one Non-executive Director who is independent (Louise McCann). Three Non-executive Directors (Greg Hywood, James Millar AM and Jack Singleton) and one Executive Director (Chairman Russell Tate) are considered non-independent.

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

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

Nomination and appointment of new Directors

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

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

Retirement and re-election of Directors

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

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

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

Independence of Directors

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

Operation of the Board

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

Board access to information and independent advice

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

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

BOARD COMMITTEES

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

- Audit Committee; and
- Nomination and Remuneration Committee.

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

Audit Committee

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

James Millar AM	Committee Chairman (appointed 29 May 2015)
Russell Tate	Executive Chairman
Greg Hywood	Non-executive Director (appointed 29 May 2015)
Jack Singleton	Non-executive Director (appointed 29 May 2015)
Louise McCann	Non-executive Director (appointed 10 June 2015)
Max Donnelly	Committee Chairman (resigned 31 March 2015)

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

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

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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee currently comprises the following Directors:

Louise McCann	Committee Chairman, Non-executive Director (appointed 10 June 2015)
Russell Tate	Executive Chairman
Jack Singleton	Non-executive Director
James Millar AM	Non-executive Director (appointed 29 May 2015)
Greg Hywood	Non-executive Director (appointed 29 May 2015)
Maureen Plavsic	Committee Chairman, Non-executive Director (resigned 31 March 2015)

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

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

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

CORPORATE CONDUCT AND RESPONSIBILITY

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

Continuous disclosure and shareholder communication

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

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

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

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

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

Share trading policy

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

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

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

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

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

- the Chief Executive Officer (where the Designated Officer is not a Director);or
- the Chairperson of the Board (where the Designated Officer is a Director); or
- the Chairperson of the Audit Committee (where the Designated Officer is the Chairperson of the Board).

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

RISK MANAGEMENT

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

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

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

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

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

GENDER DIVERSITY

The Company is focusing on maintaining an appropriate level of diversity across all levels of its workforce. The Company's actions will be guided by maintaining its current high standard of competence and performance.

The levels of gender diversity as at 30 June 2015 are set out below:

Gender Diversity	30 Jun 15 Male	30 Jun 15 Female
Total employees	55%	45%
Senior Managers	68%	32%
Board	80%	20%

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

REMUNERATION POLICIES AND PROCEDURES

Objectives and policies

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

Remuneration structure

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

Non-executive Directors

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

Executive Directors and Management

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

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

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

Incentive plans

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

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Auditor's Independence Declaration to the Directors of Macquarie Radio Network Limited

In relation to our audit of the financial report of Macquarie Radio Network Limited 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

Douglas Bain
Partner
10 August 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Continuing Operations			
Revenue	5	96,439	84,655
Other Income	5	1,028	307
Employee benefits	6	60,079	54,423
Depreciation and amortisation	6	2,070	1,978
Legal, professional and consulting		2,254	1,453
Rent	6	3,402	2,503
Royalties, licences and commissions		5,611	4,862
Programming content		6,435	6,397
Utilities and telephone		2,065	1,961
Marketing and promotions		2,478	2,146
Insurances		288	109
Share of net (profits)/losses of associates	14	(4)	1
Redundancy and restructuring costs		2,239	29
Other		5,492	6,504
Finance costs	6	844	451
Profit before tax		4,214	2,145
Income tax benefit/(expense)	7	882	(610)
Profit for the year from continuing operations		**5,096**	**1,535**
Discontinued Operations			
Profit for the year from discontinued operations	17	39,753	5,707
Profit for the year	29	**44,849**	**7,242**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
(Loss)/gain on available-for-sale financial assets		(241)	833
Actuarial gains and losses on defined benefit scheme		28	-
Impairment loss on revalued property, plant and equipment		(785)	-
Income tax relating to these items		299	(250)
Other comprehensive (loss)/income for the year, net of income tax		(699)	583
Total comprehensive income for the year		**44,150**	**7,825**
Earnings per share			
Basic earnings per share (cents per share)	27	39.83	7.77
Diluted earnings per share (cents per share)	27	39.83	7.77
Earnings per share from continuing operations			
Basic earnings per share (cents per share)	27	4.53	1.65
Diluted earnings per share (cents per share)	27	4.53	1.65

The accompanying notes form part of these financial statements.

	Notes	2015 $'000	2014 $'000
CURRENT ASSETS			
Cash and cash equivalents	9	1,357	448
Trade and other receivables	10	28,053	18,047
Assets held for sale	20	2,732	-
Current tax asset receivable	23	1,817	-
Inventories		93	141
Other assets	11	3,194	1,553
TOTAL CURRENT ASSETS		37,246	20,189
NON-CURRENT ASSETS			
Other receivables	12	624	393
Investments accounted for using the equity method	14	1,297	1,337
Available-for-sale financial assets	13	2,269	2,459
Property, plant and equipment	18	12,944	20,261
Deferred tax assets	19	-	1,026
Radio licences	21	115,211	114,037
Other intangible assets	21	61,351	369
Other assets	11	383	-
TOTAL NON-CURRENT ASSETS		194,079	139,882
TOTAL ASSETS		231,325	160,071
CURRENT LIABILITIES			
Trade and other payables	22	15,092	9,838
Deferred tax liability	19	2,331	-
Current tax liabilities	23	-	3,480
Liabilities directly associated with held for sale assets	20	187	-
Provisions	24	8,276	7,299
TOTAL CURRENT LIABILITIES		25,886	20,617
NON-CURRENT LIABILITIES			
Borrowings	25	39,391	-
Other payables		46	876
Provisions	24	806	803
TOTAL NON-CURRENT LIABILITIES		40,243	1,679
TOTAL LIABILITIES		66,129	22,296
NET ASSETS		**165,196**	**137,775**
EQUITY			
Issued capital	26	85,587	-
Reserves	28	582	1,281
Retained earnings	29	79,027	136,494
TOTAL EQUITY		**165,196**	**137,775**

The accompanying notes form part of these financial statements.

	Fully Paid Ordinary Share Capital $'000	Asset Revaluation Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2013	-	698	173,078	173,776
Profit for the year	-	-	7,242	7,242
Other comprehensive income	-	583	-	583
Total comprehensive income for the year	-	583	7,242	7,825
Payment of dividends	-	-	(43,826)	(43,826)
Balance at 30 June 2014	**-**	**1,281**	**136,494**	**137,775**
Balance at 1 July 2014	-	1,281	136,494	137,775
Profit for the year	-	-	44,849	44,849
Other comprehensive income	-	(699)	-	(699)
Total comprehensive income for the year	-	(699)	44,849	44,150
Fair value of consideration on acquisition of Macquarie Radio Network Limited	85,587	-	-	85,587
Payment of dividends	-	-	(102,316)	(102,316)
Balance at 30 June 2015	**85,587**	**582**	**79,027**	**165,196**

The accompanying notes form part of these financial statements.

	Notes	2015 $'000	2014 $'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		119,620	115,358
Payments to suppliers (inclusive of GST)		(115,538)	(101,764)
Income taxes (paid)/received		(5,431)	-
Related party funding		-	426
Interest received		22	9
Dividends received		171	134
Finance costs		(647)	(225)
Net cash generated by operating activities	35(b)	(1,803)	13,938
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(1,132)	(918)
Payment for intangible assets		(199)	(7)
Net cash arising from purchase of business		18,700	-
Proceeds from sales of property, plant and equipment		8,593	-
Proceeds from sale of subsidiary		76,104	-
Repayments of loans by related parties		-	73
Net cash provided by/(used in) investing activities		102,066	(852)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		3,000	-
Dividends paid		(102,316)	(14,144)
Net cash used in financing activities		(99,316)	(14,144)
Net increase/(decrease) in cash held		947	(1,058)
Reclassification to held for sale		(38)	-
Cash at beginning of year		448	1,506
Cash at the end of the year	35(a)	**1,357**	**448**

The accompanying notes form part of these financial statements.

NOTE 1 GENERAL INFORMATION

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

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

Registered office and principal place of business
Level 1, Building C
33-35 Saunders Street
Pyrmont, NSW 2009

The Company acquired Fairfax Radio Network Pty Limited and its subsidiaries via reverse acquisition on 31 March 2015 with Fairfax Media Limited assuming control of the Group.

NOTE 2 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

a) Changes in accounting policy and disclosure

New standards and interpretations that are applicable for the first time for the June 2015 reporting period are:

- AASB 1031 Materiality
- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-7 Amendments to AASB 1038 arising from AASB10 in relation to Consolidation and Interests of Policyholders
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

These standards have introduced new disclosures but did not affect the Group's accounting policies or any of the amounts recognised in the financial statements.

b) Accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The Group has elected not to early adopt these new standards or amendments in the financial statements. The Group has yet to fully assess the impact the following accounting standards and amendments to accounting standards will have on the financial statements, when applied in future periods. They include:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers

Other standards and interpretations that have been issued but are not yet effective are not expected to have any significant impact on the Group's financial statements in the year of their initial application.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS'). The financial statements were authorised for issue by the directors on 10 August 2015.

Basis of preparation

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

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

a) Reverse acquisition

On 31 March 2015 Macquarie Radio Network Limited completed the legal acquisition of Fairfax Radio Network Pty Limited and its controlled subsidiaries from Fairfax Media Limited. Under the Australian Accounting Standards, Fairfax Radio Network Pty Limited was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a business combination by which Fairfax Radio Network Pty Limited acquires the business including the net assets of Macquarie Radio Network Limited.

Accordingly the consolidated financial statements of Macquarie Radio Network Limited have been prepared as a continuation of the business and operations of Fairfax Radio Network Pty Limited. As the deemed acquirer, Fairfax Radio Network Pty Limited has accounted for the acquisition of Macquarie Radio Network Limited from 31 March 2015. The comparative information for the 12 months ended 30 June 2014 presented in the consolidated financial statements is that of Fairfax Radio Network Pty Limited as presented in its last set of year-end financial statements. Refer to Note 16 for further details of the transaction.

The implications of the acquisition by Fairfax Radio Network Limited on the financial statements are as follows:

(i) Statement of Comprehensive Income

- The 2015 Statement of Comprehensive Income comprises the total comprehensive income for the financial year, being the 12 months from Fairfax Radio Network Pty Limited for the year ended 30 June 2015 and the period from 31 March 2015 until 30 June 2015 for Macquarie Radio Network Limited.
- The 2014 Statement of Comprehensive Income comprises the full comparative financial year for Fairfax Radio Network Pty Limited only.

(ii) Statement of Financial Position

- The 2015 Statement of Financial Position as at 30 June 2015 represents the combination of Fairfax Radio Network Pty Limited and Macquarie Radio Network Limited.
- The 2014 Statement of Financial Position represents Fairfax Radio Network Pty Limited only as at 30 June 2014.

(iii) Statement of Changes in Equity

- The 2015 Statement of Changes in Equity comprises:
  - The equity balance of Fairfax Radio Network Pty Limited as at the beginning of the financial year (1 July 2014).
  - The total comprehensive income for the financial year and transactions with equity holders, being the 12 months from Fairfax Radio Network Pty Limited for the year ended 30 June 2015 and the period from 31 March 2015 until 30 June 2015 for Macquarie Radio Network Limited.
  - The equity balance of the combined Fairfax Radio Network Pty Limited and Macquarie Radio Network Limited at the end of the financial year (30 June 2015).
- The 2014 Statement of Changes in Equity comprises the full financial year for Fairfax Radio Network Pty Limited for the 12 months ended 30 June 2014.

(iv) Statement of Cash Flows

- The 2014 Statement of Cash Flows comprises:
  - The cash balance of Fairfax Radio Network Pty Limited at the beginning of the financial year (1 July 2014).
  - The transactions for the financial year for the 12 months of Fairfax Radio Network Pty Limited ended 30 June 2015 and from 31 March 2015 until 30 June 2015 for Macquarie Radio Network Limited.
  - The cash balance of the combined Fairfax Radio Network Pty Limited and Macquarie Radio Network Limited at the end of the period (30 June 2015).
- The 2014 Statement of Cash Flows comprises the full financial year of Fairfax Radio Network Pty Limited for the year ended 30 June 2014.

b) Basis of consolidation

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

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

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

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

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

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

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

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

c) Borrowing costs

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

d) Business combinations

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

e) Cash and cash equivalents

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

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

f) Employee benefits

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

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

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

g) Financial assets

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

(i) Available-for-sale financial assets

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

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

(ii) Loans and receivables

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

Interest income is recognised by applying the effective interest rate.

(iii) Impairment of financial assets

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

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

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

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

h) Financial liabilities

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

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

i) Impairment of tangible and intangible assets

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

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

j) Income tax

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

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

(ii) Deferred tax

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

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

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

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

(iii) Current and deferred tax for the period

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

k) Property, plant and equipment

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

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

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

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

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

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

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

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

l) Intangible assets

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

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

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

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

m) Leased assets

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

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

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

n) Provisions

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

o) Revenue recognition

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

(i) Advertising revenue
Revenue from rendering of a service is recognised in the month that the advertisement is broadcast.

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

(iii) Royalty revenue
Revenue from royalties is recognised upon receipt.

(iv) Commission revenue
Revenue from commission is recognised on an accruals basis in accordance with the substance of the relevant agreement.

p) Goods and services tax

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

(i) Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense

(ii) For receivables and payables which are recognised inclusive of GST.

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

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

q) Issued capital

Ordinary shares are classified as equity.

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

r) Dividends

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

s) Earnings per share

(i) Basic Earnings per share

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

(ii) Diluted Earnings per share

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

t) Assets held for sale and discontinued operations

The Group classifies 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. 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, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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 income statement.

NOTE 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

- Impairment of radio licences
- Business combination accounting and fair value of radio licences

b) Key sources of estimation uncertainty

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

(i) Impairment of radio licences

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

Determining whether radio licences is impaired requires an estimation of the value in use of the radio licence cash flows. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the licence and a suitable discount rate in order to calculate present value.

The carrying amount of radio licences at 30 June 2015 was $115.211 million (30 June 2014: $114.037 million). No impairment has been recognised during the year. Details of the value in use calculation are set out in Note 21.

(ii) Business combination accounting and fair value of radio licences

The acquisition on 31 March 2015 of Fairfax Radio Network Pty Limited and its controlled subsidiaries by Macquarie Radio Network Limited has been treated as a business combination with reverse acquisition accounting being used. The reverse acquisition accounting included a detailed fair valuation of radio licences. The valuation of the licences includes a number of judgements and estimates in arriving at fair value – these include appropriate EBITDA, discount rate and terminal growth rate.

	2015 $'000	2014 $'000
NOTE 5 REVENUE		
Sales revenue		
- advertising revenue	84,140	72,577
- programming and cost recoveries	12,262	12,078
- commission revenue from related party (refer Note 34(c))	37	-
	96,439	84,655
Other income		
- royalties	421	89
- dividends	171	134
- representation fees	116	75
- interest	22	9
- profit on sale of property, plant and equipment	298	-
	1,028	307

	2015 $'000	2014 $'000
NOTE 6 EXPENSES		
Profit before income tax includes the following specific expenses:		
Finance costs paid or payable to:		
- other persons	844	451
Total finance costs	844	451
Depreciation of property, plant and equipment	1,689	1,586
Amortisation of non-current assets:		
- leasehold improvements	122	121
- intangible assets	259	271
Total depreciation and amortisation	2,070	1,978
Rental expense on operating leases	3,402	2,503
Employee benefits expense:		
Post employment benefits		
- Defined contribution plans	3,187	2,776
Other employee benefits	56,892	51,647
Total employee benefits expense	60,079	54,423

	2015 $'000	2014 $'000
NOTE 7 INCOME TAX EXPENSE/BENEFIT		
a) Income tax expense/(benefit)		
Current tax	966	3,482
Adjustments to deferred income tax in respect of prior years	-	(81)
Deferred tax (Note 19(a))	(234)	(81)
	732	3,320
Tax (benefit)/expense – continuing operations	(882)	610
Tax expense – discontinued operations (Note 17)	1,614	2,710
	732	3,320
b) Numerical reconciliation of income tax benefit to prima facie tax payable		
Accounting profit before income tax – continuing operations	4,214	2,145
Accounting profit before income tax – discontinued operations (Note 17)	41,367	8,417
Total accounting profit before tax	45,581	10,562
Tax at the Australian tax rate of 30% (2014: 30%)	13,674	3,169
Tax effect of differences:		
- Entertainment	232	-
- Non-assessable dividends	(51)	-
- Share of net (profits)/losses of associates and joint ventures	(1)	7
- Other income not taxable	(715)	-
- Capital gains not taxable	(11,122)	-
- Adjustments in respect of deferred income tax of previous years	-	(81)
- Temporary differences recognised on intangible and other asset write-offs	-	-
- Non-deductible items	191	225
- Other temporary differences	(1,476)	-
Effective income tax rate of 2% (2014: 31%)	732	3,320

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore treated as a single entity. The head entity of the tax-consolidated group is Macquarie Radio Network Limited. The members of the tax-consolidated group are listed in Note 15. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the group are recognised in the separate financial statements of the members of the group, using the 'separate taxpayer within group' approach. This approach is by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses are recognised by the Company, as head entity of the tax-consolidated group.

NOTE 8 SIGNIFICANT ITEMS

The following significant items are items of income or expense which are, either individually or in aggregate, material to the Company and are:

- outside the ordinary course of business; or
- part of the ordinary activities of the business but unusual due to their size or nature.

	2015 $'000	2014 $'000
Redundancy and restructuring costs	2,239	-
Profit on sale of property, plant and equipment	(409)	-
Profit on sale of subsidiary *	(36,666)	-
	(34,836)	-

* included in discontinued operations

NOTE 9 CASH AND CASH EQUIVALENTS

	2015 $'000	2014 $'000
Cash at bank and on hand	1,357	448

NOTE 10 CURRENT TRADE AND OTHER RECEIVABLES

	2015 $'000	2014 $'000
Trade receivables	26,093	19,423
Less: allowance for doubtful receivables	(931)	(1,691)
	25,162	17,732
Receivable from related party (refer Note 34(d))	2,748	435
Other receivables	143	(120)
	28,053	18,047
Age of receivables that are past due but not impaired:		
- 60-90 days	1,976	848
- 90 + days	2,312	1,280
- Total	4,288	2,128
Movement in the allowance for doubtful debts:		
Balance at the beginning of the year	1,691	1,270
Acquisition of controlled entity	980	-
Receivables written off as uncollectable	(844)	-
Amounts (reversed)/provided during the year – discontinued operations	(130)	128
Amounts (reversed)/provided during the year – continuing operations	(766)	293
Balance at the end of the year	931	1,691

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

a) Bad and doubtful trade receivables

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

b) Credit terms

The average credit period on sale of air-time is 30-45 days. No interest is charged on the trade receivables for the first 30-45 days from the date of the invoice.

c) Other receivables

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

	2015 $'000	2014 $'000
NOTE 11 OTHER ASSETS		
Current – prepayments	3,194	1,553
Non-current – prepayments	383	-
	3,577	1,553
NOTE 12 OTHER RECEIVABLES		
Loans advanced to related parties	-	393
Loans advanced to employees – interest bearing	624	-
	624	393
NOTE 13 AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Listed securities at fair value		
- Equity securities	2,269	2,459
	2,269	2,459

a) Movements in available-for-sale financial assets

	2015	2014
Balance at the beginning of the year	2,459	1,626
Financial assets acquired	51	-
Valuation (loss)/gain recognised	(241)	833
	2,269	2,459

b) Listed Securities

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

	2015 $'000	2014 $'000
NOTE 14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Shares in associates	1,297	1,337
Total investments accounted for using the equity method	1,297	1,337

			Ownership Interest	
Name of Company	Principal Activity	Country of Incorporation	2015 %	2014 %
Digital Radio Broadcasting Sydney Pty Ltd (i)	Digital audio broadcasting	Australia	11.7	11.3
Digital Radio Broadcasting Melbourne Pty Ltd (i)	Digital audio broadcasting	Australia	18.2	18.2
Digital Radio Broadcasting Brisbane Pty Ltd	Digital audio broadcasting	Australia	25.0	25.0
Digital Radio Broadcasting Perth Pty Ltd (i) (ii)	Digital audio broadcasting	Australia	16.7	33.3

(i) The Group has significant influence in the entity due to its right to participate in policy setting for the entity.
(ii) The Group disposed of a portion of its interest in the entity during the year ended 30 June 2015.

	2015 $'000	2014 $'000
(i) Share of associates' profits/(losses)		
Revenue	1,007	1,025
Profit/(loss) before income tax expense	22	(11)
Income tax expense	(29)	8
Net profit/(loss)after income tax expense	(7)	(3)
Share of associates' profits – continuing operations	4	(1)
Share of associates' profits – discontinued operations	(11)	(2)
Net profit/(loss)after income tax expense	(7)	(3)
(ii) Share of associates' assets and liabilities		
Current assets	798	906
Non-current assets	564	921
Total assets	1,362	1,827
Current liabilities	60	103
Non-current liabilities	5	387
Total liabilities	65	490

NOTE 15 CONTROLLED ENTITIES

Details of the Company's subsidiaries at 30 June 2015 are as follows:

		Ownership Interest	
	Country of	2015	2014
Name of Company	Incorporation	%	%
Buyradio Pty Limited	Australia	100	-
Fairfax Radio Network Pty Limited	Australia	100	100
Fairfax Radio Syndication Pty Limited	Australia	100	100
Harbour Radio Pty Limited	Australia	100	-
Macquarie Media Network Pty Limited	Australia	100	-
Macquarie Regional Radio Pty Limited	Australia	100	-
Map and Page Pty Limited	Australia	100	-
Radio 1278 Melbourne Pty Limited	Australia	100	100
Radio 2CH Pty Limited	Australia	100	-
Radio 2UE Pty Limited	Australia	100	100
Radio 3AW Melbourne Pty Limited	Australia	100	100
Radio 4BC Brisbane Pty Limited	Australia	100	100
Radio 6PR Perth Pty Limited	Australia	100	100
Radio Magic 882 Brisbane Pty Limited	Australia	100	100
Satellite Music Australia Pty Limited	Australia	100	100
Radio 96FM Perth Pty Ltd	Australia	-	100

The principal activities of the subsidiaries are outlined in the Directors' Report on page 4.

NOTE 16 BUSINESS COMBINATIONS

Acquisition of Fairfax Radio Network from Fairfax Media Limited

On 31 March 2015, Macquarie Radio Network Limited acquired 100% of the share capital of Fairfax Radio Network Pty Limited from Fairfax Media Limited in exchange for shares in Macquarie Radio Network Limited. Fairfax Radio Network Pty Ltd own six radio stations across Australia in addition to a content syndication and music distribution business. The acquisition will deliver significant benefits including revenue and costs synergies.

The acquisition of Fairfax Radio Network Pty Limited is considered a reverse acquisition, with Fairfax Radio Network Pty Limited being considered the accounting acquirer for reporting purposes and the business combination being accounted for under AASB 3 'Business Combinations'.

Assets acquired and liabilities assumed

The provisional fair value of the identifiable assets and liabilities of the accounting acquiree as at the date of acquisition were:

	Macquarie Radio Network Limited $'000
Assets	
Cash and cash equivalents	18,700
Trade receivables	13,651
Property, plant and equipment	4,167
Available-for-sale financial assets	51
Other assets	10
Current tax asset receivable	1,038
Deferred tax assets	1,756
Intangible assets	39,574
Total assets	78,947
Liabilities	
Trade payables	7,429
Other liabilities	266
Borrowings	36,391
Provisions	4,322
Deferred tax liabilities	5,512
Total liabilities	53,920
Total identifiable net assets at fair value	25,027
Goodwill arising on acquisition	60,560
Purchase consideration transferred	85,587

Purchase consideration

Purchase consideration is calculated as follows:

Fair value of consideration	85,587
Total purchase consideration	85,587

From the date of acquisition, Macquarie Radio Network Limited has contributed $14.2 million of revenue and $0.8 million to the net profit before tax from the continuing operations of the Group. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been $56.2 million and the loss from continuing operations for the period would have been $1.6 million.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the entities. The goodwill has not yet been allocated to the CGU as the accounting is provisional.

NOTE 17 DISCONTINUED OPERATIONS

As at 30 June 2015, the following businesses were classified as discontinued operations:

- On 30 January 2015, the Group completed the sale of its Perth-based radio station 96FM to APN News & Media Limited for proceeds of $76.1 million.
- The business of Macquarie Regional Radio Pty Ltd is being actively marketed and the sale is highly probable. Accordingly, this business has been disclosed as a discontinued operation.

The results for the period ended 30 June 2015 including the operations of Macquarie Regional Radio Pty Ltd and 96FM are presented below. For the period ended 30 June 2014, the operations of 96FM were classified as discontinued.

	2015 $'000	2014 $'000
Total revenue and income	11,145	18,863
Expenses	(6,444)	(10,446)
Net profit before income tax expense	4,701	8,417
Gain on sale of discontinued operations *	36,666	-
Income tax expense	(1,614)	(2,710)
Net profit after income tax expense	39,753	5,707

* The gain on sale is associated with the disposal of Radio 96FM Perth Pty Ltd

	2015	2014
Earnings per share		
Basic earnings per share from discontinued operations (cents per share)	35.3	6.12
Diluted earnings per share from discontinued operations (cents per share)	35.3	6.12

	2015 $'000	2014 $'000
Cash flows of discontinued operations		
The net cash flows incurred by discontinued operations are as follows:		
Operating	3,627	8,766
Investing	-	-
Financing	-	-
Net cash inflow	3,627	8,766

	2015 $'000	2014 $'000
NOTE 18 PROPERTY, PLANT & EQUIPMENT		
Freehold land and buildings – at cost	6,181	13,848
Accumulated amortisation	(1,042)	(817)
	5,139	13,031
Leasehold improvements – at cost	3,238	2,106
Accumulated amortisation	(1,115)	(332)
	2,123	1,774
Plant and equipment – at cost	30,246	20,665
Accumulated depreciation	(24,564)	(15,209)
	5,682	5,456
Net book amount	12,944	20,261

a) Movements in property, plant and equipment

	Freehold Land & Buildings $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Total $'000
Opening net book amount at 1 July 2013	13,246	1,742	6,310	21,298
Disposals			(70)	(70)
Additions	36	162	720	918
Depreciation and amortisation charge – discontinued operations	-	(9)	(169)	(178)
Depreciation and amortisation charge – continuing operations	(251)	(121)	(1,335)	(1,707)
Closing net book amount at 30 June 2014	13,031	1,774	5,456	20,261
Additions	-	538	3,104	3,642
Disposals	(6,862)	(59)	(1,319)	(8,240)
Impairment	(800)	-	-	(800)
Depreciation and amortisation charge – discontinued operations	-	(8)	(100)	(108)
Depreciation and amortisation charge – continuing operations	(230)	(122)	(1,459)	(1,811)
Closing net book amount at 30 June 2015	5,139	2,123	5,682	12,944

NOTE 19 DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Consolidated						
Property, plant and equipment	869	207	-	(1,685)	869	(1,478)
Investments	-	-	-	(25)	-	(25)
Intangible assets	-	-	(7,050)	(1,081)	(7,050)	(1,081)
Other assets	-	-	-	3	-	3
Provisions	3,004	2,850	-	-	3,004	2,850
Payables	201	710	-	-	201	710
Other liabilities	-	-	(106)	-	(106)	-
Expenses deductible over 5 years	630	-	-	-	630	-
Other	121	47	-	-	121	47
Net tax assets/(liabilities)	4,825	3,814	(7,156)	(2,788)	(2,331)	1,026
Set-off of deferred tax assets/liabilities	(4,825)	(2,788)	4,825	2,788	-	-
Net deferred tax assets/liabilities	-	1,026	(2,331)	-	(2,331)	1,026

	Notes	2015 $'000	2014 $'000
a) Movements in temporary differences:			
Opening balance 1 July		1,026	1,114
Acquisitions	7	(3,890)	-
Charged to the profit or loss		234	162
Charged to other comprehensive income		299	(250)
Closing balance at 30 June		(2,331)	1,026

NOTE 20 ASSETS AND LIABILITIES HELD FOR SALE

Assets held for sale		
Cash	38	-
Trade and other receivables	353	-
Property, plant and equipment and intangible assets	2,341	-
	2,732	-
Liabilities held for sale		
Trade and other payables	81	-
Provisions	106	-
	187	-

Assets held for sale comprise the business of Macquarie Regional Radio Pty Ltd that is being actively marketed and for which the sale is highly probable. Prior to being transferred to held for sale, the business was remeasured at the lower of carrying amount and fair value less costs to sell.

	Notes	2015 $'000	2014 $'000
NOTE 21 INTANGIBLES			
Radio licences – at cost	(a)	144,874	143,700
Less: accumulated impairment		(29,663)	(29,663)
		115,211	114,037
Other Intangible Assets			
Website – at cost	(b)	2,133	2,023
Less: accumulated amortisation and impairment		(1,842)	(1,654)
		291	369
Goodwill	(c)	60,560	-
Other contractual relationships – at cost	(d)	500	-
		61,351	369

a) Movement in Radio Licences

	$'000
Balance at 1/7/13	114,037
Balance at 30/6/14	114,037
Additions	39,574
Disposals	(38,400)
Balance at 30/6/15	115,211

Radio licences consist of commercial radio licences which have been acquired through business combinations. They have been assessed as indefinite life as there is no foreseeable limit to which they are expected to generate cash inflows. Radio licences are tested for impairment whenever an indicator of impairment is identified, or at least on an annual basis. As the recoverable amount of the radio licences can be estimated, the radio licences are tested for impairment separately. The radio licences were externally valued during the period and were deemed to be held at their recoverable amount. Any reasonable possible change would lead to an impairment or revaluation.

The Directors have applied their best estimates to each of these variables but cannot warrant their outcome. To assess the impact of this significant uncertainty, and the range of possible outcomes, sensitivity analysis is disclosed below:

- If the year 1 cashflow is reduced by 5% this will result in an impairment charge to the radio licences of $3.0m
- A 0.5% reduction in the terminal growth rate will result in an impairment charge of $6.5m
- A 0.5% reduction in the discount rate will result in an impairment charge of $8.5m

	$'000
b) Movements in Website assets	
Balance at 1/7/13	633
Additions	7
Amortisation expense (i)	(271)
Balance at 30/6/14	369
Additions	197
Disposals	(16)
Amortisation expense (i)	(259)
Balance at 30/6/15	291

(i) Amortisation expense is included in the line item 'depreciation and amortisation expense' in the statement of comprehensive income.

c) Movement in Goodwill	$'000
Balance at 1/7/13	-
Balance at 30/6/14	-
Additions	60,560
Balance at 30/6/15	60,560

Impairment testing has also been performed on the cash generating unit to which the radio licences belong. The recoverable amount of the cash generating unit has been determined as the higher of the fair value or value in use. In determining the recoverable amount, regard has been had to the Independent Expert Report prepared as part of the merger transaction, and the independent report performed for the above noted radio licence valuation. The key assumptions used within the discounted cash flow calculations for both the radio licences and cash generating units are the FY16 EBITDA, future growth rates, terminal growth rate and the discount rates. The Year 1 cashflows are based on the annual Board approved budget. The Years 2 to 5 cashflows are based on management's best estimates in light of past performance and market trends. The terminal growth rate of 2.5% (2014: 2.5%) has been determined based on industry specific forecasts. The discount rates of 10.5% - 14.3% (2014: 9.0% – 9.75%) reflects the market assessment of the time value of money and specific risks to the relevant licence / segment.

d) Movement in Other contractual relationships	$'000
Balance at 1/7/13	-
Balance at 30/6/14	-
Additions	500
Balance at 30/6/15	500

	2015 $'000	2014 $'000
NOTE 22 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES		
Unsecured liabilities		
Trade payables (i)	2,069	1,399
Other payables	13,023	8,439
	15,092	9,838

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

	Notes	2015 $'000	2014 $'000
NOTE 23 CURRENT TAX RECEIVABLE/LIABILITY			
Current tax receivable/(liability)		1,817	(3,480)
NOTE 24 PROVISIONS			
Current provisions			
Employee benefits – long service leave		4,054	4,387
Employee benefits – annual leave		3,242	2,626
Provision for claims/defamations and associated legal costs	(a)	980	286
		8,276	7,299
Non-current provisions			
Employee benefits – long service leave		706	623
Make good provision		100	180
		806	803

a) Movements in provisions

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

	2015 $'000	2014 $'000
Carrying amount at start of year	286	137
Additional provision recognised	995	208
Amount paid out of the provision during the year	(301)	(59)
Carrying amount at end of year	980	286

The amount represents a provision for certain defamation claims brought against the Group. In the directors' opinion, after taking appropriate legal advice, the outcome of these claims are unlikely to give rise to any significant loss beyond the amounts provided for at 30 June 2015. Certain entities in the consolidated entity are party to various other legal actions and claims which have arisen in the ordinary course of business. Any liabilities arising from such legal actions and claims are not expected to have a material adverse effect on the consolidated entity.

	Notes	2015 $'000	2014 $'000
NOTE 25 BORROWINGS			
Secured liabilities			
Non-current – Bank loans	(b)	39,391	-

a) Bank Facility Security

(i) The bank facility is secured by a Cross Deed of Covenant ('Covenant') between the Company and its controlled entities including:

- Harbour Radio Pty Limited
- Macquarie Radio Network Limited
- Macquarie Regional Radio Pty Limited
- Radio 2CH Pty Limited
- Buyradio Pty Limited
- Map and Page Pty Limited
- Macquarie Media Network Pty Limited
- Fairfax Radio Network Pty Limited
- Fairfax Radio Syndication Pty Limited
- Radio 1278 Melbourne Pty Limited
- Radio 2UE Sydney Pty Limited
- Radio 3AW Melbourne Pty Limited
- Radio 4BC Brisbane Pty Limited
- Radio 6PR Perth Pty Limited
- Radio Magic 882 Brisbane Pty Limited
- Satellite Music Australia Pty Limited

The Covenant is supported by a first registered fixed and floating charge over all the present and future assets, undertakings (including goodwill) and unpaid or uncalled capital of Harbour Radio Pty Limited, Macquarie Radio Network Limited and Radio 2CH Pty Limited.

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

	2015 $'000	2014 $'000
- total current assets	37,246	-
- total non-current assets	194,079	-
- total assets	231,325	-

b) Financing arrangements

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

	2015 $'000	2014 $'000
Bank loan facilities		
Total facilities	50,000	-
Used at balance date	39,391	-
Unused at balance date	10,609	-

Subject to continuous compliance with the terms of the facility agreement with the bank, the loan facilities may be drawn down at any time. The current interest rate on the bank loan facility is 3.79%.

	Notes	Parent Entity 2015 Shares	Parent Entity 2014 Shares
NOTE 26 CONTRIBUTED EQUITY			
a) Shares			
Ordinary shares – fully paid	(b)	171,002,774	93,196,512
Total shares on issue		171,002,774	93,196,512

	Date	Number of Shares	Issue Price $	$'000
b) Movements in ordinary share capital				
Balance as at 1 July 2014		93,196,512	-	-
Fair value of consideration on acquisition of Macquarie Radio Network Limited	31 March 2015	77,806,262	-	85,587
Balance at 30 June 2015		171,002,774		85,587

c) Ordinary shares

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

d) Dividend reinvestment plan

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

	2015	2014
NOTE 27 EARNINGS PER SHARE		
a) Basic earnings per share (cents per share)		
Net profit attributable to owners of the parent	39.83	7.77
Net profit from continuing operations attributable to owners of the parent	4.53	1.65
b) Diluted earnings per share (cents per share)		
Net profit attributable to owners of the parent	39.83	7.77
Net profit from continuing operations attributable to owners of the parent	4.53	1.65

	$	$
c) Reconciliation of earnings used in calculating earnings per share		
Basic earnings per share		
Net profit attributable to owners of the parent	44,849,000	7,242,000
Net profit from continuing operations attributable to owners of the parent	5,096,000	1,535,000
Diluted earnings per share		
Net profit attributable to owners of the parent	44,849,000	7,242,000
Net profit from continuing operations attributable to owners of the parent	5,096,000	1,535,000

	No.	No.
d) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	112,594,786	93,196,512
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	112,594,786	93,196,512

	Notes	2015 $'000	2014 $'000
NOTE 28 RESERVES			
Asset revaluation reserve	(a)		
Balance at the beginning of the year		1,281	698
Other comprehensive income, net of income tax		(699)	583
Balance at the end of the financial year		582	1,281
		582	1,281

Nature of reserves

(a) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. From 1 July 2014, changes in the fair value of investments classified as available for sale investments are recognised in the asset revaluation reserve, as described in Note 3.

	2015 $'000	2014 $'000
NOTE 29 RETAINED EARNINGS		
Movements in retained earnings were as follows:		
Balance at the beginning of the year	136,494	173,078
Net profit for the year	44,849	7,242
Dividends	(102,316)	(43,826)
Balance at the end of the financial year	79,027	136,494

NOTE 30 DIVIDENDS

a) Fairfax Radio Network Pty Ltd

	2015 $'000	2014 $'000
Dividends during the financial year	102,316	48,000
	102,316	48,000

b) Macquarie Radio Network Limited (parent entity)

	2015 $'000	2014 $'000
Final franked dividend for the year ended 30 June 2014 of 5.0 cents (2013: 5.0 cents) per fully paid ordinary share paid on 15 September 2014	3,890	3,890
No interim franked dividend for the year ended 30 June 2015 (2014: 5.0 cents)	-	3,890
	3,890	7,780
Dividends proposed but not declared or recognised until after year end	-	3,890

c) Franking credits

	2015 $'000	2014 $'000
Franking credits of Macquarie Radio Network Limited available for subsequent financial years based upon a tax rate of 30%	5,635	3,385

NOTE 31 KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2015 $
Short-term employee benefits	837,076
Post-employment benefits	27,293
Other long-term benefits	6,984
Share based payments	393,262
	1,264,615

	2015 $	2014 $
NOTE 32 AUDITOR'S REMUNERATION		
During the year, the following remuneration was paid or payable to the auditor of the parent entity:		
Assurance Services		
Audit and review of financial reports under the Corporations Act 2001 and other regulatory assurance services	165,500	106,405

The auditor of Macquarie Radio Network Limited is Ernst & Young.

The audit fees reflect those charged by Ernst & Young for the 2014 audit of Fairfax Radio Network Pty Limited and the 2015 audit of the combined Group.

	2015 $'000	2014 $'000
NOTE 33 CAPITAL AND LEASING COMMITMENTS		
a) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not longer than one year	4,267	1,077
- longer than one year but not longer than five years	15,015	2,793
- greater than five years	1,809	1,304
	21,091	5,174

Leasing Arrangements

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

Financial Guarantees

The Group has issued a number of financial guarantees to third parties for various operational and financing purposes. To the extent that the Directors expect these third party guarantees to be called upon, a provision has been recorded in the consolidated statement of financial position as at 30 June 2015.

Capital Commitments

At 30 June 2015 the Group had capital commitments of $2.267million (2014: nil) relating to construction projects.

NOTE 34 RELATED PARTY TRANSACTIONS

a) Parent entities

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

b) Key management personnel

Disclosures relating to key management personnel are set out in Note 31 and in the Remuneration Report.

c) Commission revenue

The Company has a marketing service arrangement with One Big Switch Pty Ltd in relation to the marketing and delivery of products, including insurance, to persons aged 50 years and over. The Company and One Big Switch share the commission revenue derived from this arrangement on an equal basis. One Big Switch Pty Ltd is considered a related party of the Company. Revenue in relation to the marketing arrangement has been recognised as revenue in Note 5. Amounts receivable at the year end in respect of the arrangement are included within receivables in Note 10.

d) Transactions with other related entities

The following transactions for the sale and purchase of goods and services occurred with other related parties on normal market terms and conditions:

	2015 $'000	2014 $'000
Sales to related parties	132	10
Purchases from related parties	5,748	5,939
Amount owed by related parties	3,146	1,082
Amount owed to related parties	335	293

	2015 $'000	2014 $'000
NOTE 35 CASH FLOW INFORMATION		
a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash on hand and at bank	1,357	448
b) Reconciliation of cash flow from operations		
Profit from ordinary activities after income tax	44,849	7,242
Non-cash flows in operations:		
Depreciation and amortisation – continuing operations	2,070	1,978
Depreciation and amortisation – discontinued operations	108	178
Bad debts expense	242	183
Profit on sale of subsidiary	(36,666)	-
Share of (profits)/losses of associates	(4)	1
Revaluation of investments	43	-
Profit on sale of plant and equipment	299	70
Changes in assets and liabilities:		
(Increase)/Decrease in receivables	(12,416)	1,304
(Decrease)/Increase in doubtful debt provision	(760)	421
(Increase)/Decrease in other assets	(3,885)	684
(Decrease)/Increase to provisions	928	152
Movement in income tax balances	(1,940)	3,318
Increase/(Decrease) in trade payables and accruals	5,329	(1,593)
Cash flows (used in)/generated by operations	(1,803)	13,938

NOTE 36 FINANCIAL INSTRUMENTS

a) Capital risk management

The Group manages its capital to ensure the entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2014.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 25, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. Operating cash flows are used to maintain and expand the Group's broadcasting and new media assets, as well as to make the routine outflows of tax and dividends.

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

Gearing ratio

The gearing ratio at year end was as follows:

	2015 $'000	2014 $'000
Debt (i)	39,391	-
Cash and cash equivalents	(1,357)	(448)
Net debt	38,034	(448)
Equity (ii)	165,196	137,775
Net debt to equity ratio	23%	-

(i) Debt is defined as long- and short-term borrowings, as detailed in Note 25.
(ii) Equity includes all capital and reserves.

b) Categories of financial instruments

	2015 $'000	2014 $'000
Financial assets		
Trade and other receivables	28,677	18,440
Cash and cash equivalents	1,357	448
Available-for-sale financial assets	2,269	2,459
Financial liabilities		
Trade and other payables	15,092	9,838
Borrowings	39,391	-

c) Financial risk management objectives

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

d) Market risk

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

e) Interest rate risk management

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

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on a 50 basis point change in interest rates taking place at the beginning of the financial year and held constant throughout the reporting period, which represents management's assessment of the possible change in interest rates. At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/ decrease by $196,000 (2014: increase/decrease of $nil).

f) Credit risk management

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

g) Fair value of financial instruments

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

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

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

	Fair value as at					
Financial assets/ financial liabilities	30 June 2015 $'000	30 June 2014 $'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Equity securities	2,269	2,459	Level 1	Quoted bid prices in an active market	N/A	N/A

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

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

		30 June 2015 $'000	30 June 2014 $'000
Financial assets			
Trade and other receivables	Level 2	28,677	18,440
Cash and cash equivalents	Level 1	1,357	448
Available-for-sale financial assets	Level 1	2,269	2,459
Financial liabilities			
Trade and other payables	Level 2	15,092	9,838
Borrowings	Level 2	39,391	-

h) Liquidity risk management

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

The table at Note 25 details the Company's and the Group's drawn and undrawn facilities.

Liquidity and interest risk tables

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

Consolidated Liabilities

	Weighted average effective interest rate %	Less than 1 month $'000	1 - 3 months $'000	3 months - 1 year $'000	1 - 5 years $'000	5+ years $'000
2015						
Non-interest bearing		-	15,092	-	-	-
Variable interest rate instruments	3.98%	-	373	1,120	40,884	-
		-	15,465	1,120	40,884	-
2014						
Non-interest bearing		-	9,838	-	-	-
		-	9,838	-	-	-

NOTE 37 SEGMENT REPORTING

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

NOTE 38 PARENT ENTITY DISCLOSURES

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

	2015 $'000	2014 $'000
Financial Position		
Assets		
Current assets	9,882	14,991
Non-current assets	129,488	2,145
Total assets	139,370	17,136
Liabilities		
Current liabilities	770	1,994
Non-current liabilities	39,391	14,750
Total liabilities	40,161	16,744
Equity		
Issued capital (a)	107,342	4,827
Retained earnings	(2,540)	1,153
Reserves		
General reserve	152	147
Share buy-back reserve	(6,010)	(6,010)
Available-for-sale revaluation reserve	-	10
Options reserve	265	265
Total equity	99,209	392
Financial performance		
Profit for the year	746	7,547
Other comprehensive loss	-	19
Total comprehensive income	746	7,566

	Date	Number of Shares	Issue Price $	$'000
a) Movements in ordinary share capital				
Balance as at 1 July 2014		77,806,262		4,827
Issue of ordinary shares to Fairfax Media Limited	31 March 2015	93,196,512	-	102,515
Balance at 30 June 2015		171,002,774		107,342

Contingent liabilities

The Parent Entity had no contingent liabilities at 30 June 2015 and 30 June 2014.

Significant accounting policies

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

NOTE 39 SUBSEQUENT EVENTS

As at the date of this report, no subsequent events have occurred.

directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity;

(c) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in Note 3 to the financial statements; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

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

On behalf of the Directors

Russell Tate
Chairman

Dated the 10th day of August 2015.

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Independent auditor's report to the members of Macquarie Radio Network Limited

Report on the financial report

We have audited the accompanying financial report of Macquarie Radio Network Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included by reference in the directors' report.

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Opinion

In our opinion:

a. the financial report of Macquarie Radio Network Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 3.

Report on the remuneration report

We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Macquarie Radio Network Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Douglas Bain
Partner
Sydney
10 August 2015

DISTRIBUTION OF SHAREHOLDINGS

Analysis of numbers of shareholders by size of holding as at 31 August 2015:

Ordinary Shares

Size of Holdings	Number of Holders	Number of Shares	% Issued Capital
1 – 100	17	277	0.00
101 – 200	1	150	0.00
201 – 300	2	516	0.00
301 – 400	4	1,438	0.00
401 – 500	30	14,463	0.01
501 – 1,000	164	157,303	0.09
1,001 – 5,000	264	662,080	0.39
5,001 – 10,000	65	540,637	0.32
10,001 – 100,000	96	3,362,001	1.97
100,001 and over	16	166,263,909	97.22
Total	**659**	**171,002,774**	**100.00**

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of shares as at 31 August 2015 are listed below:

Ordinary Shares

Rank	Name	Holding	%
1	FAIRFAX MEDIA LIMITED	93,196,512	54.50
2	JOHN SINGLETON PROMOTIONS PTY LIMITED	55,356,705	32.37
3	PEC NOMINEES PTY LTD	12,151,485	7.11
4	HADIAC PTY LTD	2,166,668	1.27
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	672,964	0.39
6	MR RUSSELL KEITH TATE	457,628	0.27
7	DIXSON TRUST PTY LIMITED	433,652	0.25
8	MR RICHARD EWAN MEWS	420,741	0.25
9	LOZOTU PTY LIMITED <SUPERANNUATION FUND A/C>	247,000	0.14
10	MR RICHARD MEWS + MRS WEE KHOON MEWS <MEWS SUPER FUND A/C>	233,832	0.14
11	CARINYA INVESTMENT MANAGEMENT PTY LTD	200,000	0.12
12	LOZOTU PTY LIMITED	194,000	0.11
13	CANELA HOLDINGS PTY LTD <CHARLES CASKEY SUPERFUND A/C>	150,000	0.09
14	MR PETER JAMES HAYMAN	150,000	0.09
15	ALLEGRA VENTURES PTY LTD <GEE SUPER FUND A/C>	123,772	0.07
16	CAMERON WILLIAMS PTY LIMITED <SUPERANNUATION FUND ACCOUNT>	108,950	0.06
17	BOND STREET CUSTODIANS LIMITED <AHORTO - I31218 A/C>	100,000	0.06
18	MR GLEN COUTINHO <HAWGOOD P/L SPR B/FUND A/C>	100,000	0.06
19	HARLEY N PTY LTD <HARLEY SUPER FUND A/C>	100,000	0.06
20	HAWGOOD PTY LTD	100,000	0.06
Total		**166,663,909**	**97.46**

SUBSTANTIAL SHAREHOLDERS

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

		Ordinary Shares	
Rank	Name	Holding	%
1	Fairfax Media Limited	93,196,512	54.50
2	John Singleton Promotions Pty Limited	55,356,705	32.37
Total		**148,553,217**	**86.87**

	Ordinary Shares	
UNRESTRICTED SECURITIES	Number Held	Number of Holders
Unrestricted fully paid ordinary shares – quoted on ASX	171,002,774	659
Total ordinary shares quoted on ASX	**171,002,774**	**659**

VOTING RIGHTS

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

SECURITIES EXCHANGE LISTING

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

SHAREHOLDER ENQUIRIES

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

CORPORATE DIRECTORY

DIRECTORS
Russell Tate
Gregory Hywood
James Millar AM
Jack Singleton
Louise McCann

COMPANY SECRETARY
Lisa Young

AUDITORS
Ernst & Young

SOLICITORS
Banki Haddock Fiora
Baker and McKenzie
Clayton Utz
Minter Ellison

BANKER
Australia and New Zealand Banking Group Limited

SHARE REGISTRY
Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

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

HEAD OFFICE
Level 1, 33-35 Saunders Street
Pyrmont NSW 2009

REGISTERED OFFICE
Level 1, 33-35 Saunders Street
Pyrmont NSW 2009

ANNUAL GENERAL MEETING
The Annual General Meeting of Macquarie Radio Network Limited is to be held on 10 November 2015 at the offices of Computershare Investor Services Pty Ltd at Level 4, 60 Carrington St, Sydney, NSW commencing at 11 am.

Macquarie Radio Network Limited