Macquarie Media Management Limited
A Member of the Macquarie Group of Companies
ABN 16 115 524 019
AFS Licence No. 292297

Macquarie Media Holdings Limited
ABN 91 116 024 536

Macquarie Media International Limited
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25 September 2009

MACQUARIE

Macquarie Media Group®[1] (MMG) Annual General Meeting (AGM)

Macquarie Media Group (MMG) is a stapled structure comprising three entities – an Australian company, Macquarie Media Holdings Limited (MMHL), an Australian trust, Macquarie Media Trust (MMT or the Trust) and a Bermudan company, Macquarie Media International Limited (MMIL). Securities in these three entities are stapled together to form MMG and cannot be traded separately.

You are invited to attend the annual general meetings of MMHL and MMIL and the general meeting of MMT which will be held at:

Time and date
11.00am Australian Eastern Standard Time on Wednesday, 28 October 2009

Location
The Westin Sydney Hotel
No.1 Martin Place, Sydney
NSW 2000 Australia

Registration for the meetings will commence at 10.30am.

The meetings will provide an overview of MMG's activities for the period ended 30 June 2009, an update on recent activities and will require security holders to vote on a series of resolutions. The MMG directors recommend that security holders vote in favour of all the resolutions, further details of which are contained within the notices of meeting.

Enclosed with this letter you will find:
- MMHL and MMIL notices of annual general meeting and the MMT notice of general meeting (including explanatory notes); and
- A proxy form and reply-paid envelope.

We encourage you to read the enclosed notices of meeting in full and to attend the meetings as they will provide you with an opportunity to meet MMG directors and executive management and to ask questions regarding your investment. We will also be providing a live web cast of the meetings on MMG's website.

If you are unable to attend the meetings but wish to vote, you should complete and return the enclosed proxy form in accordance with the instructions provided on the form. Proxy forms must be returned by 11.00am, Sydney time, on Monday, 26 October 2009.

If you are uncertain about what course of action you should take regarding any information contained in the notices of meeting you should consult your professional adviser. If you have any general queries please contact the MMG investor relations team at mmg@macquarie.com.au or by phone on 1800 811 745 or +612 8232 9440 (if calling from outside Australia).

Macquarie Media Group®[1] (MMG) 2009 annual report

I am pleased to enclose with this letter the MMG annual report for the year ended 30 June 2009.

Over the last 12 months, MMG and its media businesses have implemented a number of actions to ensure financial flexibility and produce solid results in the toughest advertising market conditions experienced in MMG’s history. Key actions taken have included:

- Increasing parent level cash holdings from $1.51 in December 2008 to $1.73 at 30 June 2009;
- Significant buy-backs under which MMG has bought back 25.5m securities to date to increase earnings per security;
- Active revenue enhancement and cost reduction initiatives across Macquarie Southern Cross Media (MSCM) and American Consolidated Media (ACM) to optimise earnings; and
- Commencing refinancing discussions with banks for both MSCM and ACM.

The enclosed annual report provides further details of our activities during the year, an update on the group, MMG’s concise financial report and an overview of our key initiatives for the 2009 financial year.

Your security holder communications – elect for electronic delivery

With increasing concern over the environmental impact of printing corporate publications, we encourage you to elect to receive MMG's annual and any interim reports electronically. By providing us with your email address, you will receive an email advising you when and how to access your reports online.

To opt out of receiving hard copy reports please visit www.investorcentre.com.au. Once you have logged in (or registered if this will be your first visit to the site), please go to ‘Update my details’ and select ‘Communication options’. You will then be able to elect to receive electronic communications, including electronic delivery of MMG's reports. Opting out of receiving hard copy reports will provide benefits to the environment and reduce costs to MMG security holders.

We hope that you find the annual and financial report informative. Thank you for your ongoing support of MMG.

We hope that you find these documents – also available on MMG’s website – to be informative and we look forward to another successful year for MMG security holders.

For further information, please contact:

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Yours sincerely

Mark Dorney
Chief Executive Officer
Macquarie Media Group

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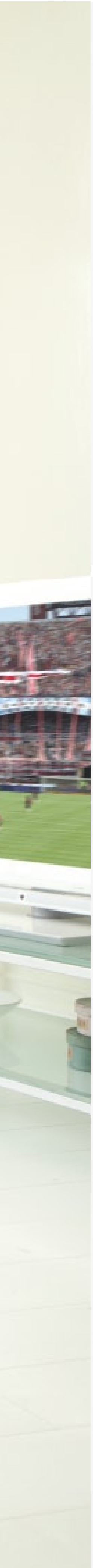
MACQUARIE MEDIA GROUP®
2009 ANNUAL REPORT

MACQUARIE MEDIA GROUP™ 2009 ANNUAL REPORT



Highlights

29 October 2008

MMG announces review of capital management strategy

17 December 2008

MMG announces interim distribution of 4.5 cents per stapled security for the period ending 31 December 2008 and results of its capital management review

Announces an on-market buy-back of up to 10% of MMG stapled securities, and an intention to seek security holder approval for an additional buy-back of up to A$50 million worth of MMG securities

13 January 2009

Commencement of on-market buy-back of up to 10% of MMG stapled securities

24 February 2009

MMG announces interim results

2 March 2009

MMG announces proposal to seek security holder approval for a Buy-Back Program, comprising both an off-market buy-back and an on-market buy-back, capped at the lesser of 87 million MMG securities and approximately A$50 million worth of MMG securities

14 April 2009

MMG security holders approve the Buy-Back Program at an Extraordinary General Meeting

4 May 2009

MMG completes off-market buy-back of 14.7 million MMG securities (7.1% of issued capital) for a total amount of A$22.1 million

17 June 2009

MMG announces a final distribution of 3.2 cents per stapled security for the period ending 30 June 2009

2 July 2009

Launch of ONE HD digital television to viewers of Southern Cross Ten with HD capability in QLD, NSW, VIC and the ACT

Chairman's letter

I have pleasure in providing you with the Macquarie Media Group® (MMG) annual report for the financial year ended 30 June 2009. The past 12 months have been very challenging for the media industry and MMG has not been immune from the effects of a demanding advertising market.

Despite the tough advertising environment, MMG's two media businesses remain well positioned. The MMG boards and management have taken steps over the past 12 months to ensure that the fund retains maximum financial flexibility. We have A$1.73 of parent-level cash backing per security at the end of the financial year and no parent-level borrowings.

In December 2008, MMG announced the outcomes of its Capital Management Review. The boards and management decided to undertake a significant buy-back of MMG securities. An on-market buy-back of up to 10% of MMG securities commenced a short time after the initial announcement, and security holder approval was received in April for an additional Buy-Back Program comprising both an off-market buy-back and an on-market buy-back. The off-market buy-back was completed on 4 May 2009.

As at 19 August 2009, MMG had bought back 11.9% of its securities on issue at 17 December 2008 at a volume weighted average price of A$1.28 per stapled security, for a total value of A$32.7 million.

In addition to the buy-back of MMG securities, a decision was made to retain substantial cash on hand (which as at 19 August 2009 stood at A$331 million) at the parent level to ensure maximum flexibility for the potential future refinancing of asset level debt facilities. A decision was also made to revise the distribution policy to fund the buy-back and build further cash on hand.

Finally, the boards and management announced their intention to use American Consolidated Media's (ACM's) current cash on hand and future cash earnings to pay down existing debt ahead of the scheduled maturity dates and to fund Macquarie Southern Cross Media (MSCM) growth and maintenance capital expenditure substantially from operating cash flows.

We believe that these steps have positioned MMG with a flexible capital structure and balance sheet through what has been a demanding equity and credit market environment.

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Financial highlights
Performance has been solid across the group, with our businesses benefiting from MMG's active management.

Excluding rebates, underlying media operations revenue decreased by 6.7% to A$531.8 million and media operations earnings before interest, tax, depreciation and amortisation (EBITDA) decreased by 12.4% to A$145.9 million. This reflected the relative resilience of our regionally focused businesses in the context of a challenging external advertising environment.

As I outlined above, a decision was made to revise the MMG distribution policy to fund the buy-back and build further cash on hand. Distributions to security holders for the year to 30 June 2009 totalled 7.7 cents per stapled security, comprising 4.5 cents per security for the six months to 31 December 2008 and 3.2 cents per security for the six months to 30 June 2009. The board will determine the distribution for each six-month period based on the specific needs of the business at that time.

Outlook
Despite a difficult year, MMG's businesses remain resilient. Active management of both revenue and costs has ensured that our media businesses are well placed when the advertising market begins to improve.

At the same time, the MMG boards and management have implemented capital management initiatives and the group has a flexible balance sheet going into the 2010 financial year.

MMG's directors and management remain focused on continuing to drive the operating performance across our media businesses. On behalf of the boards and management, I thank you for choosing to invest in MMG.

Max Moore-Wilton
Chairman
Macquarie Media Management Limited
Macquarie Media Holdings Limited

Chief executive officer's letter

MMG's businesses remain well positioned despite demanding advertising conditions experienced over the last 12 months.

Over the 12 months to 30 June 2009 we have actively managed both revenue initiatives and cost performance across our Australian and international media businesses, we have increased our cash holdings at the parent level and have undertaken a significant buy-back to increase earnings per security. These initiatives have been important steps within MMG's control to address a more challenging external environment and its impact on our businesses.

MMG's strategy of investing in regional businesses has seen our media companies both in Australia and the US continue to demonstrate real resilience in their revenues and earnings compared to their metropolitan peers. This has been particularly evident given conditions experienced over the last 12 months.

Operational highlights

MSCM

Macquarie Southern Cross Media (MSCM) maintained strong ratings and market positions across its regional radio network, despite local advertising revenues being impacted by softening retail conditions in the second half of the financial year. Significantly, MSCM radio has continued to outperform the metropolitan radio market in terms of local advertising revenue performance throughout the financial year.

MSCM TV has achieved an improved audience share performance over the period due to popular programming and innovative cross-promotion initiatives. On 2 July 2009 MSCM launched ONE HD, the high-definition 24-hour sports channel, in its HD markets in New South Wales, Victoria, Queensland and the Australian Capital Territory. MSCM's joint venture company, Tasmanian Digital Television (TDT), also launched ONE HD in Tasmania later in July 2009. The launch of ONE HD follows MSCM's significant investment in full high-definition multi-channel capabilities across most of its markets.

In addition to implementing initiatives to take advantage of the cross-media revenue opportunities across much of its network, MSCM has also focused on active cost management in the 12 months to 30 June 2009.

ACM

Economic conditions in the US have led to an advertising environment which has toughened further in the second half of this financial year. Despite these conditions, American Consolidated Media (ACM) revenues have continued to outperform those of its metropolitan and community newspaper peers. This reflects ACM's lower dependence on classified advertising and the sourcing of 98% of its revenues from its local markets. Pleasingly, non-advertising revenues continue to grow.

Revenue declines are beginning to be offset by the annualised impact of cost reductions made through the financial year and ACM is beginning to see the benefit of recent reductions in newsprint input prices.

Credit markets and capital management

Considerable volatility in equity and credit markets was experienced over most of the last 12 months, although there has been evidence of an improvement in these conditions towards the end of the financial year. MMG has been proactive in managing its cash profile to ensure a flexible balance sheet. In undertaking an active capital management strategy via the buy-back, we have also been able to acquire MMG securities at prices below cash backing per security and to further improve earnings per security.

As at 30 June 2009, MMG had parent-level cash of A$1.73 per security.

MSCM's and ACM's debt packages were completed prior to the weakening in credit market conditions over the past 18 months. No debt matures until June 2010 when the ACM debt facilities are scheduled to mature. Refinancing discussions have commenced for both the ACM and MSCM senior debt facilities, with the aim of advancing terms so as to position MMG with an appropriate capital structure through the economic cycle and to support the long-term value of MMG's businesses.

Outlook

It has been a difficult period for all media companies and MMG has not been exempt from this. Despite this, our businesses have continued to perform solidly and we remain focused on cost control and driving best practice sales initiatives through both our businesses. The actions we have implemented in the last six months leave MMG well placed and we remain committed to continuing to enhance value for MMG security holders.

Mark Dorney
Chief Executive Officer
Macquarie Media Group

Financial highlights*

Total operating revenue

A$534.0m

Proportionate earnings per security

30.2cents

Financial performance

	June 2009	June 2008
Media operations revenue	A$534.0m	A$567.6m
Media operations operating expenses	A$(385.9)m	A$(351.9)m
Total media operations EBITDA	A$148.1m	A$215.7m
Proportionate earnings	A$63.4m	A$99.3m
Operating earnings – cents per stapled security	30.2 cents	47.0 cents
Distribution – cents per stapled security	7.7 cents	47.0 cents

* Source: Unaudited management information report (MIR) for the year ended 30 June 2009.

Investment criteria

MMG owns and operates a portfolio of regionally based media businesses that provide entertainment, news and advertising services to their local communities.

MMG focuses on the following investment criteria:

- Strong sustainable market positions
- Stable earnings and strong free cash flows
- Potential for further earnings improvement.

Case study of MMG's investment approach: MSCM

The MSCM business demonstrates how MMG has applied its stated investment criteria to its media portfolio. MSCM has:

Strong sustainable market positions

- In its radio markets, MSCM is the sole operator or one of two commercial radio operators in markets representing 93% of its radio EBITDA
- In its television markets, MSCM is either one of two or one of three free-to-air television operators
- In the vast majority of its markets, MSCM is the only cross-media provider of both radio and television services
- MSCM's portfolio is skewed to Australia's growth regions of the east coast and Queensland.

Stable earnings and strong free cash flows

- A large and diverse base of over 37,000 local advertisers
- Diversification across 38 radio markets and 10 television markets
- EBITDA margins are among the highest in the Australian broadcasting industry.

Potential for further earnings improvement

- Market leading management with a proven track record for operating Australian media businesses
- Location in markets with underlying structural population growth presents an attractive advertising proposition to national advertisers
- Cross-media platform creates new advertising opportunities.

Operations overview

Macquarie Southern Cross Media

MSCM's largest markets are located in the fast growing coastal regions of eastern Australia and Queensland. These areas continue to benefit from the underlying economic drivers of domestic migration, tourism, mining and services.

EBITDA
FY2009

A$123m

Australians potentially reached

7.5m

Australia's population served outside the mainland state capital cities

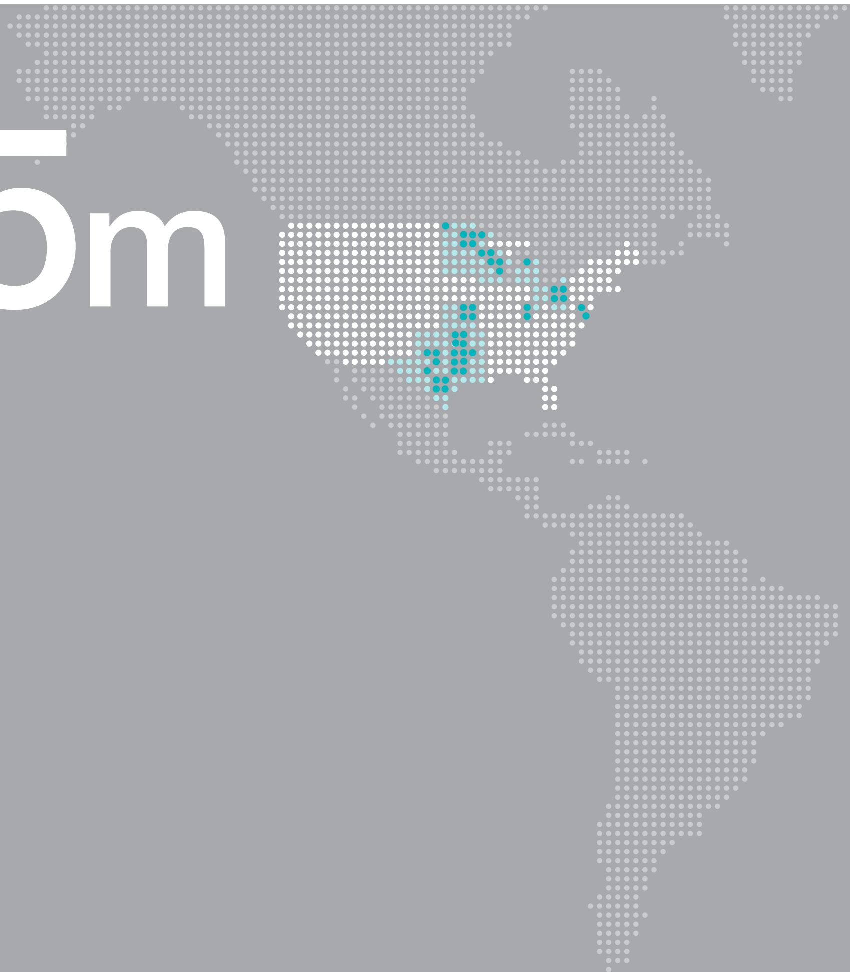
95%

American Consolidated Media

The vast majority of ACM's newspapers are located in single newspaper small communities and are often the only source of hyper-local news, information and advertising within those communities.

EBITDA
FY2009

A$25m



Readership
population

2.6m

Local
newspapers

100+

MSCM comprises 83% of MMG's operating income and is Australia's largest regional broadcaster, covering 95% of Australia's population outside the mainland state capital cities.

Macquarie Southern Cross Media

Despite challenging advertising market conditions, cross-promotion initiatives between the integrated radio and television businesses and improved ratings performance have driven revenue and audience share in FY2009.

MMG's ownership
As at 30 June 2009, MMG owned 100% of MSCM.

MSCM's business
Through 68 radio licences in 38 commercial markets and 14 television licences in 10 markets, MSCM is able to reach a potential audience of 7.5 million Australians. MSCM broadcasts Southern Cross television and radio station brands such as Sea FM, Star FM and Hot FM.

In addition to owning radio and television licences across regional Australia, MSCM is the only full-service, multi-media company in Australia offering integrated radio and television creative solutions from a sole contact point. MSCM is able to provide advertisers end-to-end advertising services covering planning, creative, production, media buying and campaign execution on its complementary radio and television platforms.

MSCM's operational performance
During FY2009, MSCM revenues were impacted by the toughest advertising conditions experienced in the company's history. However, while MSCM television revenues further weakened in the second half of FY2009, local and total advertising revenues continued to outperform the metropolitan television market. Despite local advertising revenues being impacted by weak retail conditions, MSCM radio local advertising revenues also still outperformed those of its metropolitan peers in FY2009.

MSCM radio maintains its #1 and #2 audience share ratings in its key markets of Gold Coast, Central Coast and Newcastle, while cross-promotion initiatives and recent ratings performance are driving improved share for MSCM television. Popular programming and cross-media initiatives ensured that MSCM TV increased its audience share from 25.9% to 28.1%.*

MSCM business initiatives
Management has been actively identifying and implementing revenue enhancement initiatives to reap the benefits of its integrated advertising platform.

The launch of Ten's highly rated programs such as *Masterchef* and *Talkin' 'Bout Your Generation* has also generated a greater level of advertising interest.

In response to the challenging Australian advertising market conditions experienced in FY2009, MSCM has implemented an additional A$12.5 million of cost improvement initiatives on top of the A$9 million annualised cost synergies delivered from the integration of radio and television.

On 2 July 2009, MSCM launched ONE, the 24-hour, free to air sports high-definition (HD) television channel to Southern Cross Ten viewers with HD capability in New South Wales, Queensland, Victoria and the Australian Capital Territory. This was shortly followed by MSCM's joint venture company, Tasmanian Digital Television (TDT), announcing the launch of ONE in Tasmania. MSCM was involved in complex technical testing and rebuilding of its facilities to ensure successful roll-out of full HD multi-channel capabilities. MSCM has incurred A$15.2 million of HD capital expenditure, with A$5.6 million in HD and SD capital expenditure remaining in FY2010–2011. MSCM is on track to be digital ready across its entire television network by early 2010.

Outlook
We note that, whilst the second half FY2009 revenue performance was impacted by a demanding national advertising environment and more cautious retail conditions as outlined above, there has been evidence of the rate of revenue declines reducing towards the end of the financial year. National television advertising revenues, whilst currently still down on pcp, have in the past few weeks seen some improved levels of activity compared to the second half of FY2009, although it remains too early to determine whether this will be sustained. We therefore expect first half FY2010 advertising revenues, whilst down on pcp, to be up on second half FY2009.

* Source: AGS Nielsen, Zone 1 total people in QLD, NNSW, SNSW, VIC excluding TAS weeks 7–32 (14 February to 2 August 2008 v 2009).

ACM comprises 17% of MMG's operating income, and is the fifth-largest specialist newspaper group in the US serving communities of less than 15,000 people.

American Consolidated Media

Cost reduction and revenue enhancement initiatives implemented in FY2009 have enabled ACM to respond to the challenging economic conditions in the US.

MMG's ownership
As at 30 June 2009, MMG owned 100% of ACM.

ACM's business
ACM owns and publishes approximately 100 newspapers and publications in 18 regional markets located within 10 states across the US. ACM has a weekly readership reach of 2.6 million and a weekly distribution of 961,000 copies.

Despite ongoing challenging economic conditions in the US, ACM has continued to demonstrate the resilience of its small, community markets in FY2009, particularly when compared to its metropolitan newspaper peers. ACM's FY2009 advertising revenues decreased 14% versus the prior corresponding period, compared with a decrease of 23.3% for metropolitan peers. The vast majority of ACM's newspapers are often the only source of hyper-local news, information and advertising within their local communities. They provide local advertisers with a targeted advertising offering often unavailable through radio or television in these parts of the US.

ACM's business initiatives
ACM achieved a critical size and presence in the US through follow-on acquisitions made shortly after the initial investment in the US in February 2007. Since then, ACM has been realising the benefits of an enlarged newspaper portfolio with scale savings in key cost items such as newsprint and ink, centralisation of production facilities, and leveraging of best-practice sales practices across the consolidated group. ACM responded to the challenging economic conditions early with the identification and implementation of a broad range of cost reduction and revenue enhancement initiatives to optimise the operations of the business.

US$8.9 million annualised cost improvement initiatives have been completed at ACM since May 2008, equivalent to 34% of CY2007 EBITDA (11% of CY2007 cost base). They include:

— Consolidated corporate and editorial functions
— Reductions in press runs, newsprint wastage and re-runs, web width/page size, non-core circulation and non-core editorial features
— Centralised printing and production of publications.

Outlook
While difficult economic conditions are expected to continue throughout CY2009, the full benefit of cost reductions, revenue enhancement initiatives and operational improvements are expected to provide solid support to earnings in FY2010. With strong management teams in place, management believes that ACM is operationally well positioned to benefit as the US economic cycle improves.

Environmental and social responsibility (ESR) management

MMG is taking a long-term view of its business activities and acknowledges the importance of good custodianship to the communities in which it operates its regional media businesses.

The Macquarie Group (Macquarie) manages a range of investment vehicles within Macquarie Capital. MMG is one of these vehicles. Macquarie has made a public statement on corporate citizenship which is available on its website. The commitment is based on Macquarie taking a long-term view of its business activities and acknowledging the importance of good custodianship to the communities in which it operates.

As set out on Macquarie's website, this commitment is underpinned by:

- A clear expectation of ethical behaviour from all Macquarie staff, which has been adopted by MMG and which is set out in www.macquarie.com/mmg-codeofconduct
- A robust framework of policies including those relevant to environmental, social and governance (ESG) responsibilities.

In addition, Macquarie recently committed to becoming carbon neutral across its global offices and corporate air travel by December 2010.

Responsibility

All Macquarie staff, including those working on behalf of MMG, have a collective responsibility to ensure that Macquarie continues to be a good corporate citizen. MMG management is supported in this by Macquarie's integrity, equal employment and sustainability and environment officers, and the risk management group.

Macquarie staff may also contribute their time, expertise or finances to community organisations through the Macquarie Group Foundation.

MMG

MMG believes that many social, environmental and economic benefits arise from responsible private-sector operation of media businesses. MMG is also aware that with these benefits lies the potential for risks, including ESG risks.

MMG has adopted a policy and procedures to manage these risks, which is consistent with Macquarie's policies and reflects the risks specifically associated with management of and investment in specialised assets. Climate change and future carbon constraints are considered within the existing risk management framework. This policy forms part of MMG's overarching risk management framework in accordance with Principle 7 of its corporate governance statement. See MMG's website.

The framework is applied throughout MMG's investment process as follows:

- Asset selection: environmental and social responsibilities are reviewed as part of the acquisition due diligence process
- Ongoing asset management: regular asset board reporting enables compliance with environmental requirements to be monitored and environmental and social responsibility issues to be identified
- Stakeholder reporting: policies, social and environmental initiatives and compliance performance are reported internally and, where appropriate, externally.

In this section we provide details of MMG's environmental and social responsibilities and initiatives undertaken during FY2009. MMG's governance responsibilities and policies are covered in pages 20 to 38.

Environmental and social responsibility related regulatory requirements

MMG is not aware of any material breaches of relevant ESR-related regulatory standards by its assets during the year ended 30 June 2009.

Environmental and social responsibility related initiatives at MMG assets during FY2009

Macquarie Southern Cross Media

I Believe in Santa

MSCM participated in the 'I Believe in Santa' Christmas toy drive in December 2008 in conjunction with a variety of charities including the Salvation Army. Thirty-four MSCM radio stations and eight television stations participated in the drive by collecting thousands of new toys. The toys were sent to underprivileged children and families in need.

Give Me 5 For Kids

MSCM's 'Give Me 5 For Kids' initiative began over 14 years ago on the Central Coast of New South Wales, Australia, where listeners were encouraged to give their 'loose change' to aid sick children in the local area. The fundraiser's success encouraged MSCM to implement the initiative across its national network.

Throughout the month of June 2009, 32 MSCM radio stations and 13 television stations raised money as part of the annual 'Give Me 5 For Kids' appeal. Staff at each station ran events, competitions (including an opportunity to meet Australian country singer Keith Urban) and other activities, raising almost A$1 million across the network. The funds raised will be used for children's wards and children's services at local hospitals.

American Consolidated Media

The newspapers within the ACM portfolio are involved in contributing to the communities in which their readers live and work. For example:

The *Star Democrat* and *Sunday Star* (Maryland)

Since 1984 the readers of the *Star Democrat* and *Sunday Star* have participated in 'The Brighter Christmas Fund'. Each edition throughout the Christmas season features a front-page story about a person or family in the local community facing challenging times. Readers are invited to send donations to the fund, care of the newspapers, and the donors' names are published. A board of directors comprising people from the community oversees the program and, in conjunction with local social agencies, ensures the funds are distributed to people in need.

The *Jackson County Times-Journal* (Ohio)

The *Jackson County Times-Journal* has operated a food drive for the community to donate food to three local food banks. Acting as a drop-off point for food, the newspaper has run initiatives such as offering free classified line advertising in return for food donations. The community response has been positive, with readers, clubs and local businesses dropping off food donations. All food at these food banks is distributed to local communities in the Jackson County.

Directors' profiles

Max Moore-Wilton, AC, BEc
MMML and MMHL non-executive chairman
MMIL non-executive director

Max Moore-Wilton was appointed in February 2007. He is also chairman of Macquarie Southern Cross Media Pty Ltd, Macquarie Airports Management Limited and Sydney Airport Corporation Limited and deputy chairman of the supervisory board of Copenhagen Airports A/S. Prior to this appointment, Max was secretary to the Department of Prime Minister and Cabinet from May 1996, where he oversaw fundamental reform to the Commonwealth Public Service.

Max has had a distinguished career in both the private and public sectors. He has held positions as either chairman or board member of a number of major Commonwealth and State business enterprises, and also has extensive experience in regulated businesses. Max is also president of the Airports Council International (ACI) Asia-Pacific Region.

Tony Bell
MMML and MMHL independent director

Tony Bell is one of Australia's most distinguished media operators with over 30 years' experience in the Australian radio and free-to-air television industry. As managing director of Southern Cross Broadcasting (Australia) Limited from 1993 to 2007, Tony gained extensive experience in regional and metropolitan media and was instrumental in its formation as one of Australia's leading media companies. Tony has played a significant role in shaping the Australian media industry through his past appointments as chairman and director of Commercial Radio Australia (formerly FARB), a director of Free TV Australia and chairman of Regional Broadcasters Australia.

Chris de Boer
MMML and MMHL independent director

Chris de Boer has a broad range of experience, including investment banking (12 years), stockbroking (12 years), business consulting (10 years) and direct investment. He has a broad range of technical experience, including in initial public offerings, mergers and acquisitions, corporate reorganisations, joint ventures, bond issues and financial advice across London, Hong Kong, Australia and New Zealand, in both domestic and cross-border deals.

Chris also has extensive experience in takeover regulation. Chris spent more than two years as an executive at the Takeover Panel in London, three years on the Takeovers Committee in Hong Kong and four years as chairman of the Takeovers Panel in Hong Kong.

Chris was a Cable & Wireless plc nominee on the board of Optus from 1996 to 2000. He was a member of the listing and due diligence committees for the Optus initial public offering in 1998 and chairman of the finance and audit committee of Optus in 1998. Chris was involved as an adviser to Cable & Wireless plc in many corporate transactions across the Asia-Pacific region. He is currently the chairman of Sonar Limited (trading as Sonar 6) and is also a director of Mobilis Networks Limited and AngelLink Limited. Chris is the chairman of the audit and risk committee of both MMML and MMHL.

Michael Carapiet
MMML executive director
MMHL and MMIL executive director (alternate to Max Moore-Wilton)

Michael Carapiet is the head of Macquarie Capital. Macquarie Capital is Australia's largest investment advisory services business which has developed a global leadership position in a number of businesses, including mergers and acquisitions, advisory, equity capital markets and specialised asset management. Michael is also a director of the Export Finance Insurance Corporation.

Michael Hamer
MMIL independent chairman

Michael Hamer is currently president and owner of Camford Atlantic Limited, a company he founded in 2000, which provides advice on risk management, asset/liability management and investments. He is also a senior investment analyst with Albourne Partners Limited, a hedge fund advisory group and an adviser to the Insurance Admissions Committee, part of the Bermuda Monetary Authority.

Prior to his involvement with Camford, Michael was employed by Centre Solutions, a subsidiary of Zurich Financial Services, where he ran their European operations in London and Dublin from 1992 to 1996, and latterly was responsible for managing the overall risk position of the Centre group. Before joining Centre, Michael worked for 15 years with JP Morgan, including several years as head of Corporate Finance for JP Morgan Australia, and four years in the European Mergers and Acquisition Group of JP Morgan in London, specialising in the oil industry, insurance and banking.

Michael is also a director of Macquarie International Infrastructure Fund Limited, a Bermuda-based mutual fund company listed on the Singapore Stock Exchange.

E. Michael Leverock
MMIL independent director

Michael Leverock is a shareholder, and has been a director and chief operating officer, of Bermuda Digital Communications Ltd since 1996 and is responsible for its day-to-day operations, including implementation of the company's business strategy, marketing the company's services and ensuring compliance with all government and technical regulations. Michael has led the company from inception to its current position as the largest wireless carrier in Bermuda. Prior to joining Bermuda Digital Communications, Michael was the founder of Global Access Bermuda, the company responsible for the introduction of competition into the telecommunications market in Bermuda. To this role, Michael brought many years experience from the public and private sectors as a senior level operations engineer and consultant.

Leon Pasternak
MMML and MMHL independent director

Leon Pasternak is a practising solicitor. Appointed as a partner at Freehills in 1987, Leon specialises in corporate finance and mergers and acquisitions. Throughout his career, Leon has gained significant experience in relevant aspects of mergers, takeovers, acquisitions, equity raisings and public company finance. He is acknowledged as one of Australia's leading corporate lawyers and ranks as one of Australia's top legal advisers on completed mergers and acquisitions. Leon brings to the MMML and MMHL boards experience as a former director of several Australian public companies and a strong knowledge of corporate governance requirements relating to listed companies.

Directors' profiles

continued

Everard T. (Bob) Richards
MMIL independent deputy chairman

Bob Richards is currently president and Chief Investment Officer of Bermuda Asset Management Ltd. He is also a director of Bermuda Digital Communications Ltd and a director of The United Kingdom Mutual Steam Ship Assurance Association. Bob was a senator in the Bermuda Senate from 2004 to 2007, having formerly been Government Leader in the Senate and Minister for Telecommunications.

To these roles Bob brought experience gained from his involvement with Bermuda Asset Management Ltd, which he founded in 1987, and the Royal Dutch Shell Group, for which he set up and managed an international investment department in Bermuda. Bob is also a former director of the Bermuda Monetary Authority, where he worked both as an economist and subsequently as general manager in charge of investing Bermuda's foreign exchange reserves. Bob is a Fellow of the Institute of Canadian Bankers and is the chairman of MMIL's audit and risk committee.

John Roberts
MMML executive director (alternate for Max Moore-Wilton and Michael Carapiet)
MMHL executive director (alternate for Max Moore-Wilton)
MMIL executive director (alternate for Max Moore-Wilton)

John Roberts joined Macquarie in 1991 and is based in the Sydney, Australia head office. He is joint head of the Macquarie Capital Advisers division and directly responsible for the Macquarie Capital Funds group. The Macquarie Capital Funds group manages third party institutional and retail listed and unlisted equity, invested across a broad range of asset classes including infrastructure, private equity, real estate and media.

John's previous roles within Macquarie have included leading the Macquarie Capital Funds group in London and being responsible for Macquarie Capital's activities in Europe, as well as being head of Macquarie's London office.

John is a director of a number of listed and unlisted entities globally that manage infrastructure investments.

John has a law degree from the University of Canterbury, New Zealand.

Company secretary profiles

Dennis Leong BSc, BE (Hons) (Syd), MComm (UNSW), CPA, FCIS MMML	Dennis is head of Macquarie Group's Company Secretarial and Investor Relations division, responsible for the group's company secretarial requirements and professional risks insurances and Macquarie's employee equity plans and investor relations. He has had over 14 years' company secretarial experience after 13 years in corporate finance at the Macquarie Group and Hill Samuel Australia Limited.
Christine Williams MA, LLB (Syd) MMML and MMHL	Christine is a qualified solicitor and has worked in the banking industry for 25 years, including 16 years in funds management, performing a general counsel/company secretarial role for listed and wholesale investment vehicles. Christine joined the Macquarie Group in 1998 and since that time has been responsible for the legal, company secretarial and compliance function for listed and wholesale infrastructure and other specialised funds managed by Macquarie Capital.
Sally Webb BA(AS), LLB (Hons) (ANU), FFin MMML and MMHL	Sally is a qualified solicitor with more than 12 years' experience. In private practice she worked in the mergers and acquisitions, capital markets and funds management areas. Sally joined the Macquarie Group in 2002 and since then has been responsible for the legal and company secretarial function of a number of listed and wholesale infrastructure funds managed by Macquarie Capital.
Lynniece L. Robinson MMIL	Lynniece L. Robinson is a company secretary at ISIS Fund Services Ltd, which provides corporate administrative services for investment companies. Prior to this she was deputy manager, Alternative Fund Services in the Management Services Department of The Bank of Bermuda Limited (a member of the HSBC group), where she was responsible for managing a team of administrators who provided corporate governance and administrative services to a wide range of investment vehicles for which she was the company secretary.

Corporate governance statement

Legal framework and management arrangements

Macquarie Media Group (MMG) is a Macquarie Group (Macquarie) branded externally managed vehicle comprising an Australian public company (Macquarie Media Holdings Limited), an Australian trust (Macquarie Media Trust) and a Bermudan mutual fund company (Macquarie Media International Limited). The securities of the trust and companies are listed on the ASX and must trade and otherwise be dealt with together.

Macquarie's expertise in managing funds and their businesses and sourcing new value-adding opportunities is a key attraction for investors in its managed vehicles. Investors are principally seeking to harness Macquarie's expertise in sourcing, investing in and managing businesses (made available through the management arrangements), as well as the expertise of appropriately qualified external directors.

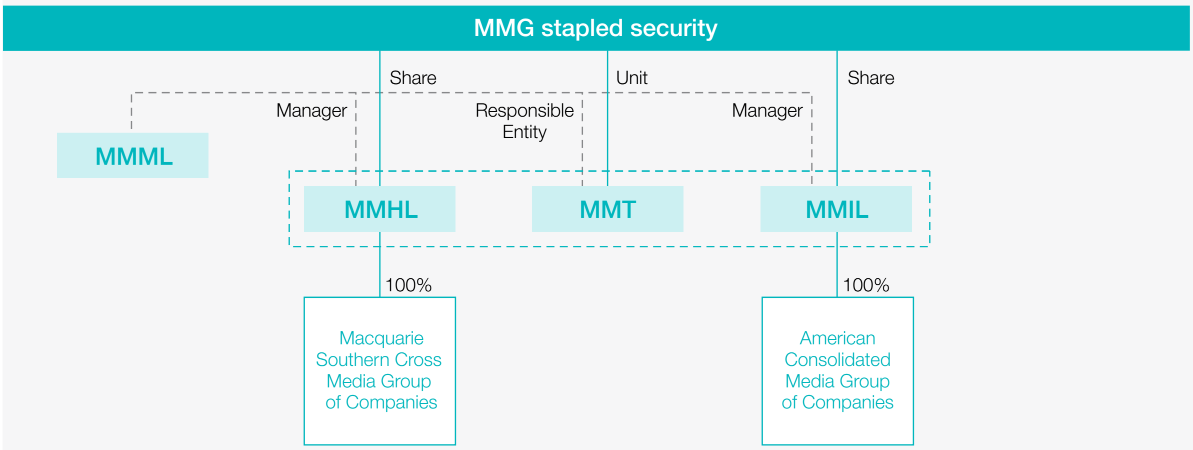
External management delivers to investors a global team dedicated to sourcing, analysing and executing investment opportunities and business management specialists who can drive improved performance across the businesses globally.

A variety of investment vehicles can be used, through which funds are pooled to be invested in underlying assets. Stapled groups have developed due to differing regulatory regimes for different vehicles and the broad objective of managed funds to maximise distributions from underlying businesses to investors. For example, an appropriate structure for holding Australian investments may not be appropriate for the purposes of holding foreign investments.

In the case of Australian trusts, a responsible entity/manager owned by the sponsor with sponsor-appointed directors has been a common structural feature since the inception of these types of investment vehicles.

Management arrangements summary

MMG's corporate structure



Bermudan mutual fund companies, whilst subject to the common law based regulatory regime in Bermuda, provide for relative flexibility in regards to earnings repatriation.

MMG's management arrangements are designed to promote consistency of management across all the entities in MMG.

MMG's management arrangements and corporate governance framework are outlined below.

The manager is a Macquarie company, Macquarie Media Management Limited (MMML).

One of MMG's assets, Macquarie Southern Cross Media Pty Limited (MSCM), has also appointed another Macquarie company, Macquarie Diversified Asset Advisory Pty Limited (MDAA), to act as its asset adviser pursuant to an asset advisory agreement (Asset Advisory Agreement).

The trust is an ASIC-registered managed investment scheme and its combined trustee/manager, MMML, is known as the responsible entity. Its management role is defined by the trust constitution, the Corporations Act and the general law. There is no separate management agreement.

The Australian company and Bermudan company have different board and decision-making processes to MMML and each has a separate management services agreement (MSA) with MMML.

There is also a stapling deed in place between all MMG stapled entities, MMML and MDAA setting out cooperation arrangements for the operation of the stapled structure.

The management arrangements are broadly consistent across the three entities and the key terms are described in the first table below.

The key terms of the Asset Advisory Agreement between MDAA and MSCM are described in the second table below.

The following is a high level summary of the MMG management arrangements addressing the disclosure recommended in ASX Guidance Note 26. We recommend that you also read the management services agreements, Asset Advisory Agreement and the trust constitution on the MMG website.

Table 1 – Management arrangements

Key term	Description	Source documents
Investment mandate	The investment policy is widely defined and includes investments in media assets globally, with an initial focus on OECD and OECD-like countries. The investment policy may be varied from time to time on reasonable notice to security holders.	Trust constitution clause 13 MMHL MSA clauses 1 and 3 MMIL MSA clauses 1 and 3 MMG 2005 prospectus sections 1.3 and 4.4 MMG annual report 2009 pg 7
Services	**Company manager** The manager under the terms of the MMHL MSA and MMIL MSA is responsible to the companies for: — Investment and divestment evaluation and recommendations — Implementation of investment/divestment instructions given by the board — Asset management — Asset valuations — Capital and financial management recommendations — Financial reporting — Board reporting — Investor communications and meetings — General fund administration including company secretarial services (subject to outsourcing of registry services to Computershare Investor Services Pty Limited ABN 48 078 279 277 and company secretarial services in Bermuda to ISIS Fund Services Ltd) — Monitoring of fund operational risk, insurances and compliance — Litigation management — Designation of suitably qualified personnel to perform the CEO and CFO roles for the fund and, in the case of MMHL, the chairman and company secretary.	MMHL MSA clauses 3 and 10 MMIL MSA clauses 3 and 10
	Responsible entity The responsible entity has all the powers of a natural person including contracting, borrowing and investment and carries out all management functions for the trust subject to outsourcing registry services as described above and trust custodial services to Trust Company Limited ABN 59 004 027 749.	Trust constitution clause 13 Corporations Act s601FB, 601FC
Term	No fixed term for the trust and both companies or until the responsible entity/manager is removed or retires or security holders vote to wind up the stapled entities as provided for in the trust constitution or by law.	Trust constitution clauses 14 and 22 MMHL MSA clause 11 MMIL MSA clause 11
Extension or renewal	There are no extension or renewal provisions in the MMHL MSA and MMIL MSA.	
Termination	The trust and companies may terminate the appointment of the responsible entity/manager, without cause, by security holder vote. The manager of the companies can only be removed on a vote if the responsible entity of the trust is also removed. Macquarie's rights to appoint directors fall away if it is removed as manager. For the trust and both companies, the resolution must be passed by at least 50% of votes cast at a meeting by security holders entitled to vote. Managers and associates may vote their securities on the resolution.	Trust constitution clause 14 Corporations Act s601FL, s601FM, s601FN, s601FP, s253E, s915B MMHL MSA clause 11 MMIL MSA clause 11 Trust constitution clause 21

Key term	Description	Source documents
Termination continued	The manager of the companies can also be removed for cause being where the manager is in liquidation, ceases to carry on business, lacks the appropriate licence or authorisation, or commits a material breach of the MSA that cannot be remedied. In the case of the trust, ASIC or a court may replace the responsible entity where there are solvency issues or members are likely to suffer a loss because the responsible entity has breached the Corporations Act. Pursuant to the Corporations Act, the responsible entity of the trust can retire if it first convenes a unitholders' meeting to explain its reason for retirement and to enable unitholders to vote on a resolution to choose a new responsible entity. The manager of the companies may resign by giving written notice. Where removal events have occurred in the case of the companies, their directors retain discretion as to whether to terminate the manager. As the directors must act in the interest of security holders, it is considered unlikely that they would not terminate the MMHL MSA or MMIL MSA in the situation where security holders have voted to remove the responsible entity and the manager. Base fees and performance fees accrued to the date of termination are payable. There are no other termination fees payable but, in the case of MSCM, asset advisory fees then become payable to MDAA.	MMHL MSA clauses 8 and 11 MMIL MSA clauses 8 and 11 Asset Advisory Agreement clause 8
Fees	**Base fee** Payable quarterly. Base fee = 1.5% per annum of the Net Investment Value. Net Investment Value is the Market Value of MMG securities plus fund level external borrowings and firm commitments for future investments less fund level cash or cash equivalents. Market Value is the volume weighted average market capitalisation over the last 15 ASX trading days of each quarter. The responsible entity and the manager may, where the non-executive directors of MMML so determine, apply the base fee in subscription for MMG securities. The price of the MMG securities is the VWAP of the MMG stapled securities traded on ASX during the 15 trading days up to and including the quarter end date. **Performance fee** Payable quarterly if earned. Payable in the event that the MMG accumulation index (the Return) outperforms 6% per annum plus the annual Australian consumer price index (CPI) change (the Benchmark Return) in any quarter, having made up for underperformance in previous quarters. Performance fee = 20% of the amount (if any) by which the Return exceeds the Benchmark Return for that period. Any underperformance deficit from prior periods must be made up before future performance fees can be earned. The responsible entity and the manager may, where the non-executive directors of MMML so determine, apply the performance fee in subscription for MMG securities. The price of the MMG securities is the VWAP of the MMG securities traded on ASX during the 15 trading days up to and including the quarter end date. **Other services provided by Macquarie companies** Additional market-based fees are payable for other services such as financial advisory, underwriting, broking and hedging provided on a transactional basis by Macquarie companies and as approved under MMG's related party protocols.	Trust constitution clause 21 MMHL MSA clause 9 MMIL MSA clause 9

Key term	Description	Source documents
Expenses	The responsible entity and the manager are entitled to be reimbursed for expenses incurred in relation to the proper performance of their duties. Expense reimbursement does not include manager administration costs such as premises, staff and facilities.	Trust constitution clause 21 Corporations Act s601GA(2) MMHL MSA clause 9 MMIL MSA clause 9
Exclusivity	The manager is engaged by the companies on an exclusive basis although the manager itself may act for other parties.	MMHL MSA clause 4
	The responsible entity may act for other parties and may outsource its general management responsibilities to other Macquarie or non-Macquarie managers (but remains liable for their actions).	MMIL MSA clause 4
	Macquarie (including the responsible entity and the manager) has no obligation to provide investment opportunities and MMG has no obligation to accept any investment opportunities.	Trust constitution clauses 13 and 18
	MMG has no priority over Macquarie companies, any current or future Macquarie managed funds or any other client of Macquarie with respect to investment opportunities within its mandate identified by Macquarie. In addition, existing or future funds may be given specific areas of priority within MMG's mandate.	Corporations Act s601FB MMG 2005 prospectus sections 1.8 and 7.5
Discretions	The board of the responsible entity of the trust makes all significant investment/divestment and operational decisions in relation to the trust.	Trust constitution clause 13
	The manager mandates for the companies are non-discretionary. All significant investment/divestment and operational decisions are made by the company boards based on manager recommendations.	MMHL MSA clause 4
	The performance of management generally is overseen by the independent directors on the responsible entity and company boards.	MMIL MSA clause 4
Related party protocols	The trust and companies have adopted a detailed related party protocol covering transactions with and services provided by Macquarie companies and managed vehicles.	MMG Related Party Policy
	All related party transactions or services must be on arm's length terms and approved by the MMG independent directors only.	MMHL MSA clause 7
	Asset acquisition or sale transactions with related parties for 5% or greater of fund value must be supported by an independent valuation.	MMIL MSA clause 7
	Mandates for the provision of services to MMG stapled entities or their controlled businesses are subject to third party independent review unless the independent directors determine otherwise on the basis of appropriate market information or practice.	Part 5C.7 of the Corporations Act which governs related party transactions by trusts
	Third party independent review is mostly carried out by the corporate advisory divisions of large accounting firms. In the case of the provision of services, the reviewers have regard to market evidence gathered from their own enquires, including information requested from Macquarie. For asset sales or acquisitions, the reviewer carries out its own valuation if required.	
	MMG independent directors have put in place a panel of reviewers (which does not include the MMG auditor) and the reviewer for a particular service or transaction is usually chosen by them on a rotational basis.	
	Swap and foreign exchange transactions with Macquarie companies solely for hedging purposes are given standing approval if certain conditions are met.	
	Significant volume securities transactions with a Macquarie broker require independent director approval.	
	Fees paid or payable by MMG group entities for related party services are disclosed in the MMG financial report.	

Key term	Description	Source documents
Change of control	MMG co-invests from time to time with other Macquarie companies or managed vehicles. Co-investment arrangements may include pre-emption and tag-along or drag-along rights in favour of each other, including rights which are triggered on removal of the Macquarie manager typical of those agreed with third party co-investors. Currently there are no such arrangements in place for MMG. In addition, loan facilities for MMG stapled entities or MMG businesses may provide for acceleration of loan payments if MMG is no longer managed by a Macquarie company. Removal of manager trigger events are typically put in place because counterparties (both equity and debt providers) require ongoing Macquarie involvement in the management of the fund or particular businesses. The MMG independent directors obtain separate legal advice as necessary and the arrangements are approved by the independent directors. If MMML is removed as responsible entity of the trust, the Asset Advisory Agreement may still remain on foot. Similar fees will then become payable under the Asset Advisory Agreement at the asset level, with the result that there may be an increase in the total management fees payable by the MMG entities and investor returns may be adversely affected.	MMG Related Party Policy Asset Advisory Agreement clause 8 MMG 2005 prospectus section 1.8
Variation to management arrangements	Any variations adverse to security holders' rights or in respect of changes to fee structures to increase fees would involve trust constitution amendments and therefore effectively require approval by 75% by value of votes cast at a meeting by security holders entitled to vote. There are, however, no specific requirements in the MMHL MSA or MMIL MSA for variations to these agreements to be approved by security holders but given the stapled structure, it is unlikely that any changes would result in material inconsistency with the trust provisions, particularly as regards investment policy, manager termination or fees.	Trust constitution clause 24 Corporations Act s601GC
Director appointment rights	MMML (as manager of each company) has director appointment rights for 50% of the board of each company. MMML (as responsible entity of the trust) has director appointment rights for 25% of the board of each company. Macquarie currently appoints the board of MMML as it is a Macquarie subsidiary. Macquarie's rights to appoint directors fall away if it is removed as manager.	MMHL constitution clause 1 MMIL bye-laws clauses 6 and 7

Table 2 – Asset advisory arrangements

Key term	Description	Source documents
Investment mandate	The investment policy is broadly consistent with the investment policy of MMHL.	Asset Advisory Agreement clauses 1 and 3
Services	The asset adviser is responsible to MSCM for: — Advising on any proposed investment or divestment — Asset valuations — Assisting with financial reporting and budgets — Board reporting in connection with matters on which it provides advice — Assisting with litigation management — Provision of appropriately qualified personnel to perform the CEO, CFO and Company Secretary roles for MSCM.	Asset Advisory Agreement clause 3
Term	No fixed term or until the adviser is removed or resigns.	Asset Advisory Agreement clause 11

Key term	Description	Source documents
Extension or renewal	There are no extension or renewal provisions in the Asset Advisory Agreement.	
Termination	MSCM may terminate the appointment of the asset adviser, following a sustained period of underperformance (failure to meet a specified performance test in any five out of eight consecutive quarters), by security holder vote. The resolution must be passed by more than 50% of votes cast at a meeting by security holders entitled to vote. The asset adviser can also be removed for cause being where the asset adviser is in liquidation, ceases to carry on business, lacks the appropriate licence or authorisation, or commits a material breach which cannot be remedied or which can be remedied but remains unremedied for 90 days after notice of breach is given. The asset adviser may resign by giving written notice. Where removal events have occurred, MSCM's directors retain discretion as to whether to terminate the asset adviser. Asset base fees and performance fees accrued to the date of termination are payable.	Asset Advisory Agreement clauses 8 and 11
Asset advisory fees	***Asset base fees and performance fees only become payable if Macquarie is no longer involved in the management of the stapled entities or if MMG is no longer listed, i.e. if:*** — A Macquarie company ceases to be the responsible entity of the trust (other than through retirement) — The MMHL MSA is terminated (other than by the manager), or — MMHL or the trust is delisted or MMG securities cease to be quoted. ***There is no double counting of fees under the Asset Advisory Agreement while Macquarie is manager of MMG.*** **Asset base fee** Payable quarterly. Asset base fee = 1.5% per annum of the Market Value of MSCM. Market Value is the amount for which all investments in MSCM and its subsidiaries by MMG entities could be exchanged between willing, knowledgeable parties in an arm's length transaction at that date, as determined by the asset adviser and reviewed by an independent expert. The asset adviser may, where the non-executive directors of MMML and MMHL so determine, apply the asset base fee in subscription for MMG securities. The price of the MMG securities is the VWAP of the MMG stapled securities traded on ASX during the 15 trading days up to and including the quarter end date. **Asset performance fee** Payable annually if earned. Payable as 20% of the actual return (if any) generated above a 6% per annum plus the annual Australian consumer price index (CPI) change benchmark (compounded annually) less any asset performance fees previously paid. The asset adviser may, where the non-executive directors of MMML and MMHL so determine, apply the asset performance fee in subscription for MMG securities. The price of the MMG securities is the VWAP of the MMG stapled securities traded on ASX during the 15 trading days up to and including the calculation date. **Other services provided by Macquarie companies** Additional market based fees are payable for other services such as financial advisory, underwriting, broking and hedging provided on a transactional basis by Macquarie companies and as approved under MMG's related party protocols.	Asset Advisory Agreement clauses 1 and 8 MMHL MSA Schedule 3 MMIL MSA Schedule 3

Corporate governance statement
continued

Key term	Description	Source documents
Expenses	The asset adviser is entitled to be reimbursed for expenses incurred in relation to the proper performance of its duties. Expense reimbursement does not include asset adviser administration costs such as premises, staff and facilities.	Asset Advisory Agreement clause 9
Exclusivity	The asset adviser is not engaged by MSCM on an exclusive basis, and the asset adviser may act for other parties. Macquarie (including the asset adviser) has no obligation to provide investment opportunities and MSCM has no obligation to accept any investment opportunities.	Asset Advisory Agreement clauses 2 and 4
Discretions	The advisory mandate for MSCM is non-discretionary. All significant investment/divestment and operational decisions are made by the MSCM board based on advice from the asset adviser.	Asset Advisory Agreement clauses 4 and 5
Related party protocols	MMHL has adopted a detailed related party protocol covering transactions with and services provided by Macquarie companies and managed vehicles, which applies to transactions involving MSCM. Refer to 'Related party protocols' in Table 1 above for details of the policy.	MMG Related Party Policy
Change of control	Refer to 'Change of control' in Table 1 above.	
Variation to asset advisory arrangements	Any variations in respect of changes to fee structures to increase fees would require security holder approval. Other variations can be approved between MSCM and the asset adviser, subject to MMHL independent director approval where necessary. Significant changes having a financial impact on MMG require clear disclosure to MMG security holders.	Asset Advisory Agreement clause 25 MMG Related Party Policy

What you can find on our website:

- MMT constitution
- MMHL constitution
- MMIL bye-laws
- MMHL MSA
- MMIL MSA
- Asset Advisory Agreement.

MMG's approach to corporate governance

The MMG boards are committed to MMG's achievement of superior financial performance and long-term prosperity, while meeting stakeholders' expectations of sound corporate governance practices. This statement outlines MMG's main corporate governance practices as at 30 June 2009. Unless otherwise stated, they reflect the practices in place throughout the financial year ending on that date.

The boards determine the corporate governance arrangements for MMG. As with all its business activities, MMG is proactive in respect of corporate governance and puts in place those arrangements which it considers are in the best interests of MMG and its investors and consistent with its responsibilities to other stakeholders. It actively reviews Australian and international developments in corporate governance.

MMG is part of the stable of Macquarie managed vehicles. Accordingly, in setting the corporate governance framework the MMG boards have also undertaken to comply with the Macquarie Funds Management Policy (Macquarie Fund Policy). This is an internal Macquarie group-wide policy devised by Macquarie to safeguard the interests of investors in its stable of managed vehicles, which at times may conflict with those of Macquarie as manager of the vehicles.

The key elements of the Macquarie Fund Policy are:

- Conflicts of interest arising between Macquarie managed vehicles and their related parties should be managed appropriately and, in particular:
  - Related party transactions should be identified clearly and conducted on arm's length terms
  - Related party transactions should be tested by reference to whether they meet market standards
  - Decisions about transactions between Macquarie managed vehicles and Macquarie or its affiliates should be made by parties independent of Macquarie
- The boards of both the corporate vehicles and the management company/responsible entity of the trusts of listed Macquarie managed vehicles which are stapled groups will comprise at least 50% independent directors and at least one of the boards in each stapled group will have a majority of independents – see Principle 2 below for details of independence criteria
- The funds management business should be resourced appropriately. In particular:
  - There is a separate Macquarie Capital Funds (MacCap Funds) division and staff in this area should be dedicated to the funds management business
  - All recommendations to the boards of Macquarie managed vehicles should be reviewed or prepared by MacCap Funds staff
  - Each listed Macquarie managed vehicle that invests in operating businesses should have its own managing director or chief executive officer
  - Chinese Walls operate to separate Macquarie's investment advisory and equity capital markets businesses from MacCap Funds.

ASX corporate governance principles

The ASX corporate governance council (the Council) has corporate governance principles and recommendations (the Principles) which are designed to maximise corporate performance and accountability in the interests of shareholders and the broader economy. The Principles encompass matters such as board composition, committees and compliance procedures.

The Principles (being those under ASX's 2nd edition of Corporate Governance Principles and Recommendations dated August 2007) can be viewed at www.asx.com.au. The Principles are not prescriptive; however, listed entities (including MMG) are required to disclose the extent of their compliance with the Principles, and to explain why they have not adopted a Principle if they consider it inappropriate in their particular circumstances.

MMG's corporate governance statement is in the form of a report against the Principles. MMG's corporate governance policies incorporate the requirements of the Macquarie Fund Policy and largely conform to the Principles. Any deviation relates mainly to MMG being an externally managed vehicle. We have noted the differences in our reporting.

Principle 1
Lay solid foundations for management and oversight

Responsibility for corporate governance and the internal working of each MMG entity rests with the boards of MMML, MMHL or MMIL, as the case may be. The board of each company has adopted a formal charter of directors' functions and matters to be delegated to management, having regard to the recommendations in the Principles.

An outline of the boards' responsibilities as set out in each company's charter is set out below:

— Setting objectives, goals and strategic direction for management, with a view to maximising investor wealth
— Monitoring the implementation of MMG's investment policy
— Approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestures
— Adopting an annual budget for the managed vehicle and monitoring its financial performance
— Appointing or, where appropriate, removing the CEO or CFO or their equivalents
— Participating in the review of the performance of the CEO and CFO or their equivalents and, where appropriate, replacing those officers
— Appointing and removing the company secretary
— Monitoring senior management's or, in the case of MMHL and MMIL, MMML's performance, implementation of strategy, and resources
— Reviewing, ratifying and monitoring systems of risk management, compliance and codes of conduct
— Approving and monitoring financial and other reporting
— Setting the highest business standards and codes for ethical behaviour and monitoring compliance with them.

In addition to the matters outlined above, formal delegations provide for the MMG boards to make all decisions in respect of investments and divestments, approval of directors to be appointed to MMG's asset boards, any further funding or security required for existing investments, managed vehicle level capital management and restructuring, significant related party transactions (in accordance with the related party protocol described at page 23), approval of financial accounts, auditors, budgets for the managed vehicle, distributions, annual reports and any significant changes to policies or debt facilities.

The CEO and CFO have delegated authority (through the external management arrangements and directorships on asset boards) to make decisions in respect of managed vehicle level day-to-day administration up to certain delegated levels and day to day matters for asset administration including appointment of advisers and approvals of asset business plans, budgets, capital expenditure, refinancings, hedging and valuations.

Full board meetings are held at least bimonthly for MMML, MMHL and MMIL, and other meetings are called as required. Directors are provided with board reports in advance of board meetings, which contain sufficient information to enable informed discussion of all agenda items.

Each independent/non-executive director of MMML, MMHL and MMIL has received a letter of appointment which details the key terms of their appointment. This letter has been enhanced for the more recent board appointments to include all of the recommended matters in the Principles.

The CEO and CFO, being MMG's senior executives, have formalised job descriptions and, as Macquarie Capital employees, letters of appointment.

To ensure that the MMG senior executives properly perform their duties, the following procedures are in place:

— The CEO and CFO are Macquarie Capital employees seconded to MMML. Their performance is assessed by Macquarie in March each year as part of Macquarie's formal employee performance evaluation process. Employees are assessed against set behavioural and technical competencies. The assessment criteria used in determining remuneration are outlined in the remuneration report at page 69. The relevant boards provide annual feedback on the performance of the CEO and CFO
— A review of the performance of MMML as manager against its contractual obligations by the MMHL and MMIL independent directors, with external assistance if required
— A formal induction program to allow senior executives to participate fully and actively in management decision making
— Access by executives to continuing education to update and enhance their skills and knowledge.

The above process was followed for the year ended 30 June 2009.

What you can find on our website:
— A summary of the MMML, MMHL and MMIL board charters.

Principle 2
Structure the board to add value

1. Composition

MMHL
Board of directors
The MMHL board of directors is comprised as follows:

Max Moore-Wilton, Chairman
Non-executive
Director for 2 years

Leon Pasternak, Independent
Director for 3 years

Tony Bell, Independent
Director for 1 year

Chris de Boer, Independent
Director for 3 years

Michael Carapiet
Alternate Director to Max Moore-Wilton
Executive
Director for 1 year

John Roberts
Alternate Director to Max Moore-Wilton
Executive
Director for 2 years

MMML
Board of directors
The MMML board of directors is comprised as follows:

Max Moore-Wilton, Chairman
Non-executive
Director for 2 years

Michael Carapiet, Executive
Director for 1 year

Leon Pasternak, Independent
Director for 3 years

Tony Bell, Independent
Director for 1 year

Chris de Boer, Independent
Director for 3 years

John Roberts,
Alternate Director to Max Moore-Wilton and Michael Carapiet
Executive
Director for 2 years

MMIL
Board of directors
The MMIL board of directors is comprised as follows:

Max Moore-Wilton, Non-executive
Director for 2 years

Michael Hamer, Chairman
Independent
Director for 3 years

Also serves on the board of another Macquarie managed vehicle, Macquarie International Infrastructure Fund Limited, a Bermuda based mutual fund company listed on the Singapore Stock Exchange.

Bob Richards, Deputy Chairman
Independent
Director for 3 years

Michael Leverock, Independent
Director for 3 years

Michael Carapiet
Alternate Director to Max Moore-Wilton
Executive
Director for 1 year

John Roberts
Alternate Director to Max Moore-Wilton
Executive
Director for 2 years

Profiles of these directors, including details of their skills, experience and expertise can be found earlier in this report.

2. Appointment to the boards

ASX has granted listing rule waivers in respect of the rights attaching to the A and B Special Shares (described below) to facilitate Macquarie appointed directors to the Australian company and Bermudan company in the same way as they are appointed by Macquarie to the responsible entity board (which is a wholly owned subsidiary of Macquarie Group Limited (MGL)). These director appointment rights were put in place by Macquarie with a view to promoting consistency of management across the stapled entities. Macquarie's rights to appoint directors fall away if it is removed as manager. Macquarie considers the selection of appropriately experienced independent directors as an important contribution to MMG's performance.

Corporate governance statement

continued

From an investor protection viewpoint, MMG has a majority of independent directors on the combined MMG boards. Though Macquarie appointees, these directors are reputable, appropriately qualified and experienced businessmen who satisfy objective independence criteria described further below. These directors have a duty at law to prefer the interests of MMG investors to those of Macquarie.

Details of the appointment arrangements are set out below.

MMML

The following board composition and membership criteria have been adopted by the board in consultation with MGL:

— The board is to comprise at least four directors. Additional directors may be appointed if the board feels that additional expertise is required in specific areas, or when an outstanding candidate is identified

— New appointments to the board require full MMML board approval

— A majority of the directors must be independent as defined in the Macquarie Fund Policy extracted below

— The board is to be comprised of directors with an appropriate range of qualifications and expertise

— Directors can be removed by MMML's sole shareholder, MGL, in its absolute discretion and at any time

— The chairman of the board is to be a Macquarie executive or closely connected ex-Macquarie executive

— The chairman must be nominated by the MGL board and requires full MMML board approval

— A lead independent director is to be appointed each financial year using an alphabetical 12-month rotation system

— To ensure the board has the benefit of regular new input and to avoid the potential for loss of objectivity over time, independent directors will retire after 12 years.

Independence

Independence of directors determined by objective criteria is acknowledged as being desirable to protect investor interests and optimise the financial performance of the fund and returns to investors.

In determining the status of a director, MMG applies the standards of independence required by the Macquarie Fund Policy, which are similar to but not the same as the Principles. The full details of MMG's independence criteria are as follows:

— An independent director is a director of the responsible entity and/or special purpose vehicle who is not a member of management (a non-executive director) and who (to the satisfaction of the MGL board corporate governance committee or the relevant MMG board) meets the following criteria:

  — Is not a substantial shareholder of MGL or MMG, or a company holding more than 5% of the voting securities of MGL or MMG

  — Is not an officer of, or otherwise associated directly or indirectly with, a shareholder holding more than 5% of the voting securities of MGL or MMG

  — Is not and has not, within the last three years, been:

    — Employed in an executive capacity by the responsible entity and/or special purpose vehicle, or by another Macquarie entity, or

    — A director of any such entity after ceasing to hold any such employment

— Is not and has not within the last three years been a principal or employee of a professional adviser to MMG, Macquarie or other Macquarie managed vehicles whose billings to MMG, Macquarie or other Macquarie managed vehicles over the previous full year, in aggregate, exceed 5% of the adviser's total revenues over that period. A director who is or within the last three years has been a principal or employee of a professional adviser will not participate in any consideration of the possible appointment of the professional adviser and will not participate in the provision of any service to MMG, Macquarie or another Macquarie managed vehicle

— Is not a significant supplier or customer of MMG, Macquarie or other Macquarie managed vehicles, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from MMG, Macquarie and other Macquarie managed vehicles exceed 5% of the supplier's total revenue. A significant customer is one whose amounts payable to MMG, Macquarie and other Macquarie managed vehicles exceed 5% of the customer's total operating costs

— Has no material contractual relationship with Macquarie other than as a director of a responsible entity and/or special purpose vehicle
— Is not a director of more than two Macquarie related responsible entities or special purpose vehicle boards
— Has no other interest or relationship that could interfere with the director's ability to act in the best interests of the Macquarie managed vehicle and independently of management of Macquarie
— However, where an individual may not meet one or more of the above criteria, the MGL board corporate governance committee or the relevant MMG board may make a specific determination that, in the particular overall circumstances of that individual, the fact that these criteria have not been met would not prevent the individual from exercising independent judgment on the relevant board(s).

The main areas of difference from the independence criteria set out in the Principles are:

(i) the Macquarie Fund Policy independence criteria are designed to ensure that directors are not only independent from MMG but that they are also independent from Macquarie Group and its other managed vehicles. Accordingly, the independence criteria must be satisfied in respect of relationships with each of MMG, Macquarie and other Macquarie managed vehicles. By way of example, a partner of a professional services firm who is a director on MMG would not be able to provide legal services to MMG or any Macquarie entities or managed vehicles and would not be able to vote on the appointment of his firm by MMG. Additionally, the firm must not have earned more than 5% of its annual income from doing work for any of MMG, Macquarie or other Macquarie managed vehicles for three years prior to the appointment of the director and on an ongoing basis during the currency of the directorship

(ii) the Macquarie Fund Policy independence criteria do not specifically provide that independent directors must be free of any business relationship that could reasonably be perceived to materially interfere with their independence. However, the criteria are designed to ensure that this is in fact the case. Further, the MGL board corporate governance committee or the MMG boards can in appropriate circumstances determine that a director is not independent notwithstanding they continue in a formal sense to satisfy all of the Macquarie Fund Policy Independence criteria. This envisages that in some cases candidates will not be appointed or directorships will cease because of perception issues around independence

(iii) the Macquarie Fund Policy has a catch-all provision, not included in the Principles, which gives the MGL board corporate governance committee or MMG boards discretion to determine that a director is independent even if they don't meet all the other Macquarie Fund Policy independence criteria.

The ability of independent directors to serve on up to two separate managed vehicle boards is considered appropriate because the time commitment and level of remuneration for these roles is not so significant as to compromise independence.

If any independent director serves on two managed vehicle boards or has been determined by the MGL board corporate governance committee or MMG boards as independent despite not satisfying all of the criteria set out in the Macquarie Fund Policy, they will be noted as such in their description in this statement. Reasons will be provided for any independence determination.

Each year independent directors are required to provide MMG with written confirmation of their independence status and they have each undertaken to inform MMG if they cease to satisfy the Macquarie Fund Policy independence criteria at any time. The MMML company secretary also monitors compliance with the Macquarie Fund Policy independence criteria and seeks information from the independent directors in this regard if necessary and reports to the board.

MMG considers that the independence of its directors, each of whom is a highly qualified and reputable business person and professional who satisfies the above criteria, does not depend on who appoints them but on their independence of mind, including an ability to constructively challenge and independently contribute to the boards.

The following guidelines apply to director selection and nomination by Macquarie:

— Integrity
— Particular expertise (sector and functional) and the degree to which they complement the skill set of the existing board members
— Reputation and standing in the market
— In the case of prospective independent directors, actual (as prescribed by the above Macquarie Fund Policy definition) and perceived independence from Macquarie.

Nomination committee
The board has not appointed a nomination committee. The board does not consider such a committee appropriate in circumstances where there is only one shareholder and it has adopted the Macquarie Fund Policy set out above. It is considered that this process is sufficiently transparent to justify not appointing a nomination committee.

MMHL and MMIL
Under the MMHL constitution, MMML has been issued with an A Special Share (and has rights under the management services agreement with MMHL) which entitles it to appoint the managing director and other director(s) constituting up to 50% of the MMHL board. MMML as responsible entity of MMT has been issued with a B Special Share which entitles it to appoint director(s) constituting up to 25% of the MMHL board while the entities are stapled. Neither the A nor B Special Share has any economic interest, which means that the holders of those shares are not entitled to any dividends and are only entitled to the paid up capital of those shares on a winding up of MMHL.

The balance of the directors is elected by MMG investors. Of the present MMHL board, Tony Bell is subject to rotation and security holder approval.

MMIL, under its bye-laws, has identical A and B Special Share arrangements to those of MMHL. Of the present MMIL board, Michael Leverock is subject to rotation and security holder approval.

The Macquarie Fund Policy provides that the boards of the responsible entity of the stapled Trust and each stapled company will have at least 50% independent directors and at least one of the boards in each stapled structure will have a majority of independent directors. MMHL, MMIL and MMML each have a majority of independent directors.

The rationale for this approach is that under the stapling arrangements, the practical operation of the MMML, MMHL and MMIL boards is such that no significant decision (in particular strategy, capital raisings, borrowings and investments) can be made by one board without the consultation and consideration of the other boards, and the MMHL and MMIL boards have a sufficient quorum of independent directors to vote on transactions with Macquarie companies.

The MMIL board charter also provides that there must not be half or more of the board located in any jurisdiction other than Bermuda. All MMIL directors other than Max Moore-Wilton are located in Bermuda.

In determining the status of directors, the MMHL and MMIL boards have adopted the standards of independence required by the Macquarie Fund Policy.

The candidates for the board of MMHL and MMIL are selected by MMML using the same selection and MGL nomination approval process as for MMML directors. In the case of candidates to be elected by security holders, the nominee is then recommended by MMML to the MMHL and MMIL boards (as the case may be) for approval.

Nomination committee
The MMHL and MMIL boards have not constituted a nomination committee because, as a consequence of the management arrangements established for MMHL and MMIL and their participation in the stapling arrangements with MMT, their directors are nominated by the relevant Macquarie companies having regard to the board charter criteria and Macquarie Fund Policy requirements.

3. Chairman
Max Moore-Wilton is the current chairman of MMML and MMHL. Being a consultant to Macquarie and a former employee, Max Moore-Wilton is a non-executive chairman of MMML and MMHL and does not satisfy the independence recommendation of the Principles. Max Moore-Wilton was appointed as chairman of MMML and MMHL at a time when the Macquarie Fund Policy required the chairman to be a Macquarie executive given MMML is a Macquarie company and MMG is externally managed and Macquarie branded.

The MMML and MMHL boards have resolved to appoint a lead independent director. Leon Pasternak was the lead independent director from July 2008 to June 2009 and Tony Bell is now lead independent director until 30 June 2010. A different lead independent director is to be appointed each financial year using an alphabetical rotation system.

It is MMIL's policy to have an independent chairman and Michael Hamer, chairman of MMIL, is appointed by MMML and satisfies the independence test in the Macquarie Fund Policy.

In each case, the chairman does not exercise the role of CEO. That role is performed by Mark Dorney.

In the case of each of MMML, MMHL and MMIL, the board charters provide that all independent directors will meet at least once per year in the absence of management and at other times as they determine. The convenor of the meetings will be the lead independent director in the case of MMML and MMHL, and the chairman in the case of MMIL. This requirement was met for the year ended 30 June 2009.

4. Independent professional advice

The directors of MMML, MMHL and MMIL are entitled to obtain independent professional advice at the cost of the relevant trust or company subject to the estimated costs being first approved by the chairman as reasonable.

5. Board performance

To ensure that the directors of MMML, MMHL and MMIL are properly performing their duties, the following procedures are in place:

- A formal annual performance self-assessment of the board, the audit and risk committees and individual directors
- A formal induction program for directors
- Access by directors to continuing education to update and enhance their skills and knowledge.

The procedure for evaluation of the boards' performance is:

- Directors are given the opportunity to discuss individual performance and feedback on performance with the chairman, and in the case of MMIL, the most senior Macquarie director, and the chairman meets with each independent director to discuss the effectiveness of the board and board committees as a whole
- The board as a whole discusses and analyses board and committee performance during the year, including suggestions for change or improvement, based on the chairman's feedback from conducting separate meetings with the independent directors.

The above process was followed for the year ended 30 June 2009.

Principle 3
Promote ethical and responsible decision making

MMG is committed to being a good corporate citizen and has a robust framework of policies to achieve this.

Managing conflicts

MMG has established protocols for identifying and managing conflicts.

In the case of the MMG boards:

- Board members declare their interests as required under the Corporations Act, Bermuda Companies Act, ASX Listing Rules and other general law requirements
- Board members with a material personal interest in a matter are not present at a board meeting during the consideration of the matter and subsequent vote unless the board (excluding the relevant board member) resolves otherwise
- Board members with a conflict not involving a material personal interest may be required to absent themselves from the relevant deliberations of the board.

MMG also has a policy for dealing with actual, apparent or potential conflicts of interest which arise out of the fact that MMML is part of Macquarie Group and that MMG may transact from to time to time or share staff or information with other Macquarie Group companies or managed vehicles. In particular, there is a comprehensive related party protocol which has been described on page 23 of this statement. This requires Macquarie executives who are board members to absent themselves during voting on transactions with Macquarie Group entities or managed vehicles.

Personal conflicts that might arise generally for directors and staff are covered by the code of conduct referred to below.

Ethical conduct

MMG's code of conduct is similar to that of the wider Macquarie Group and covers MMG's dealing with external parties and how it operates internally. The code sets the standards for dealing ethically with employees, investors, customers, regulatory bodies and the financial and wider community, and the responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour. The code includes whistleblower, anti-corruption and dealing with governments and anti-money laundering policies.

The code is periodically reviewed and endorsed by the MMML, MMHL and MMIL boards. The code is distributed to all directors and staff and reinforced at induction and other training programs.

Staff and director trading

A policy on securities dealings is in place under which directors and staff involved in the management of MMG are restricted in their ability to deal in MMG stapled securities. Security trading by MMG directors, officers and staff is permitted only during four-week special trading windows following the release of MMG's half yearly and yearly financial results, and following the annual general meeting or lodgement with ASIC and ASX of a disclosure document for a capital raising or a cleansing statement for a rights issue.

When the trading window is not opened following results announcements, pending disclosure of significant transactional activity being undertaken by MMG, a special four-week trading window may apply following an ASX release in respect of the transaction.

Special arrangements apply for the trading by MMML and its associates of MMG securities issued in connection with base fees and performance fees. Standing instructions must be given to a Macquarie broker during a designated directors and staff trading window to sell at above a designated price, with the trade to take place at any time in accordance with the instructions. Any instructions given will be on the basis that Chinese Walls are operating with the broker at all times during the currency of the instruction. Alternatively, the securities will be placed in a blind trust with an external broker during a trading window, with irrevocable instructions to sell at above a designated price with the trade to take place at any time in accordance with instructions.

MMG's approach to environmental and social responsibility management is set out on pages 14 to 15 of this report.

What you can find on our website:

- A summary of the code of conduct
- A summary of the main provisions of the securities (windows) trading policy
- A description of MMG's environmental and social responsibility management policy.

Principle 4
Safeguard integrity in financial reporting

1. Audit and risk committees

Each of MMML, MMHL and MMIL has appointed an audit and risk committee.

MMML and MMHL

The audit and risk committees, each of which complies with the requirements of the Principles, are currently comprised as follows:

- Chris de Boer, Chairman
  Independent 4*
- Leon Pasternak
  Independent 3*
- Tony Bell
  Independent 4*

* Meetings attended (4 held).

MMIL

The audit and risk committee, which complies with the requirements of the Principles, is currently comprised as follows:

- Bob Richards, Chairman
  Independent 4*
- Michael Hamer
  Independent 3*
- Michael Leverock
  Independent 4*

* Meetings attended (4 held).

The qualifications of the members of each audit and risk committee can be found on our website and earlier in this report.

2. Audit and risk committee charters

In establishing its audit and risk committee, each of MMML, MMHL and MMIL has established a charter under which the committee is to operate. The charter is materially the same for all three companies.

The responsibilities of the audit and risk committee under each charter in relation to financial reporting are to:

- Review and report to the board on the financial statements and related notes, and on the external auditor's audit of the financial statements and the report thereon

- Recommend to the board the appointment and removal of the external auditor, review the terms of its engagement including arrangements for the rotation of external audit partners, and the scope and quality of the audit
- Monitor auditor independence. The audit and risk committee meets with the external auditor at least twice a year and more frequently if required.

Details of the risk monitoring duties of the audit and risk committee are set out in the Principle 7 commentary.

3. Auditor independence

The audit and risk committees have adopted a policy which includes the following to ensure the independence of the external auditor:

- The external auditor must remain independent from Macquarie and MMG at all times and must comply with APES 110: Code of Ethics for Professional Accountants pertaining to financial independence, and business and employment relationships
- The external auditor must monitor its independence and report to the board every six months that it has remained independent
- Significant permissible non-audit assignments awarded to the external auditor must be approved in advance by the audit and risk committees (or their chairmen between meetings)
- All non-audit assignments are to be reported to the audit and risk committees every six months
- The MMG audit engagement partner and review partner must be rotated every five years.

The MMML, MMHL and MMIL boards and audit and risk committees are of the view that, at the present time, PricewaterhouseCoopers (PwC) is best placed to provide MMG's audit services.

PwC is a top tier professional services firm and has provided audit services to MMG since its establishment and is familiar with its structure and businesses. The auditor is required to be independent from MMG and Macquarie. PwC meets this requirement.

The auditor attends MMG's annual general meetings and is available to answer security holder questions on the conduct of the audit, and the preparation and content of the auditor's report.

What you can find on our website:
- The audit and risk committee charters for MMML, MMHL and MMIL
- Procedures for selection and appointment of the external auditor and for rotation of external audit engagement partners.

Principle 5
Make timely and balanced disclosure

It is MMG's policy to provide timely, open and accurate information to all stakeholders, including investors, regulators and the wider investment community. Under the terms of the stapling deed, MMHL, MMIL and MMML are obliged to exchange relevant information and coordinate ASX releases and financial reporting.

MMG has an external communications policy which includes policies and procedures in relation to disclosure and compliance with the disclosure requirements in the ASX Listing Rules.

The procedures include dealing with potentially price-sensitive information, which includes referral to the CEO and company secretary/general counsel and sometimes the MMG boards for a determination as to disclosure required. The ASX liaison person is the MMML company secretary.

What you can find on our website:
- External communications policy summary.

Principle 6
Respect the rights of shareholders

MMG has developed a security holder communications policy. The cornerstone of this policy is the delivery of timely and relevant information as described below.

Investors are provided with an annual report and financial statements, either by accessing MMG's website or in hard copy if specifically requested, which keep them informed of MMG's performance and operations. Investors are notified in writing when this material becomes available and are provided with details of how to access it.

MMG's policy is to lodge market-sensitive information with the ASX and place it on its website, including annual and interim result announcements and analyst presentations, as soon as practically possible. MMG's website (www.macquarie.com/mmg) contains recent announcements, presentations, past and current reports to security holders, answers to frequently asked questions and at least a three-year summary of key financial data. Investors may also register here to receive email copies of MMG's significant ASX announcements.

Domestic investor roadshows are held regularly throughout Australia. International roadshows may also be held for institutional investors. Where they contain new information, analyst and roadshow presentations are released to the ASX and included on the MMG website.

Corporate governance statement
continued

Security holder meetings of the three MMG entities are convened at least once a year, usually in October or November. MMHL and MMIL are required to hold an annual general meeting (AGM) each year.

In the case of the trust, which is not required under the Corporations Act to hold an AGM, these are usually informal annual meetings unless there is formal business to be considered. An AGM is held for MMHL and MMIL at the same time. Presentations by the chairman and CEO at the AGM are webcast.

For formal meetings an explanatory memorandum on the resolutions is included with the notice of meeting. Unless specifically stated in the notice of meeting, all holders of fully paid securities are eligible to vote on all resolutions. In the event that security holders cannot attend formal meetings they are able to lodge a proxy in accordance with the Corporations Act or the Bermuda Companies Act as applicable. Proxy forms can be mailed or lodged by facsimile.

What you can find on our website:

— External communications policy summary

— The latest annual report and full financial statements.

Principle 7
Recognise and manage risk

MMML, MMHL and MMIL have formalised risk management policies. Compliance with these policies is monitored by their respective audit and risk committees.

Risks are managed through the risk management framework in place and include:

— Investment risks

— Regulatory and reporting risks

— Financial risks (such as liquidity, interest rate, currency, investment, credit)

— Legal risks (such as contract enforceability, covenants, litigation)

— Compliance risks

— Operational risks (such as people, processes, infrastructure, technology, systems, outsourcing and geographic coverage)

— Environmental and social risks

— Occupational health and safety risks

— Project risks

— Business performance risks

— Reputation risks

— Strategic risks.

As part of its risk monitoring duties, each audit and risk committee is required to:

(i) Enquire of management and the external auditor about significant risks or exposures and assess the steps management (MMML) has taken to minimise such risks to MMT, MMHL or MMIL as applicable

(ii) Consider and review with the external auditor:

— The adequacy of the trust's/companies' internal controls, including computerised information system controls and security

— Any related significant findings and recommendations of the external auditor on the matter of internal controls, together with management's responses thereto

(iii) Monitor and review (at least annually) the effectiveness of the trust's/companies' operational risk management framework and compliance with key risk management policies

(iv) Review the scope of any internal audit to be conducted and the independence of any internal audit team.

Under the Corporations Act, a compliance committee is not required if at least half of the responsible entity board are independent. Accordingly, MMML has not appointed a compliance committee and it is the board's responsibility, with the assistance of designated compliance staff, to oversee MMT's risk management framework by monitoring the compliance plan and ensuring that there is an underlying compliance framework, including detailed policies and procedures, staff training and supervision, and appropriate compliance reporting.

The independent directors must satisfy the independence criteria set out in s601JB(2) of the Corporations Act. Independent directors are required to certify their compliance with these requirements on an annual basis and otherwise notify MMML if they cease to satisfy the criteria.

MMML, as part of Macquarie, is subject to periodic review conducted by Macquarie's internal audit division.

Each of MMG's businesses maintains its own risk management framework and supporting infrastructure to manage its own risk. MMG's ability to control or influence this framework and infrastructure differs based on MMG's level of ownership and control. It is MMG's policy to confirm that each business has an appropriate risk management framework in place to assist the business to effectively manage its risks.

During the year management has reported to the audit and risk committees as to the effectiveness of MMG's management of its material risks. In addition, the MMML board has received assurance from the CEO and CFO that their declaration under s295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating in all material respects in relation to financial reporting risks.

What you can find on our website:

- A description of MMG's risk management policies and framework
- A description of MMG's environmental and social responsibility management policy
- A description of MMG's occupational health and safety risk management policy
- The compliance plan for MMT.

Principle 8
Remunerate fairly and responsibly

Below is a brief description of management and performance fee arrangements for MMML as responsible entity and manager, remuneration arrangements in relation to MMG staff (whose remuneration is paid by Macquarie Capital, not MMG) and also the fees paid to MMG external directors. Full details and a discussion of MMG remuneration arrangements, alignment of interest, and manager and staff incentives are set out in the MMG remuneration report on pages 67 to 69.

1. Responsible entity and manager fees

MMML, as responsible entity of MMT, and manager of both MMHL and MMIL, is entitled to be paid base management fees and performance fees for discharging its management functions.

These fees are calculated in accordance with a defined formula under MMT's constitution and the management services agreements with MMHL and MMIL. The fee arrangements were fully disclosed to investors on fund inception and subsequent restructure and continue to be disclosed on the MMG website and in annual reports so that investors originally invested and continue to invest on this basis. The structure and level of the fee arrangements are consistent with those paid in the market in respect of similar externally managed vehicles and are not subject to review.

Any changes to the fee provisions which would have the effect of increasing the fees would need to be approved by investors.

2. Reimbursement of responsible entity and manager expenses

MMML is also entitled to be reimbursed for expenses incurred by it in relation to the proper performance of its duties, out of the assets of MMG. This includes routine ongoing expenses such as the third party costs of acquiring businesses and managing them, as well as capital raising costs, registry, audit, insurance, compliance costs and other expenses as set out in the MMT constitution and the management services agreements with MMHL and MMIL.

3. Staff remuneration

MMML makes available employees, including senior executives, to discharge their obligations to the relevant MMG entity. These staff are employed by entities in Macquarie and made available through formalised resourcing arrangements with MMML. In addition, Macquarie staff are made available to MDAA through formalised resourcing arrangements with MDAA in order that MDAA can provide asset advisory services to MSCM under the asset advisory agreement. The remuneration of the staff made available by Macquarie is not an MMG expense. It is paid by Macquarie Capital. Instead MMG pays management fees to MMML for providing management services. These fees are MMG expenses and are disclosed in the remuneration report at page 67. MMHL and MMIL do not have employees and rely on the MMML management staff under the two management services agreements to implement operational decisions and carry out administrative functions.

Senior MMML executives may have some of or all of their performance bonus retentions notionally invested by Macquarie in MMG securities so that the amount varies as if they were actually invested in the securities. Executives may have also received MGL options as part of their remuneration package.

4. Director remuneration

MMML independent and non-executive director fees are paid by MMML in its personal corporate capacity rather than by the trust.

In the case of the Macquarie Capital executive directors, remuneration earned in connection with their roles as MMHL, MMML or MMIL directors, as the case may be, is paid by Macquarie Capital and not by MMHL, MMML or MMIL.

MMHL and MMIL independent and non-executive director fees are paid by MMHL and MMIL respectively. None of the MMML, MMHL or MMIL directors is entitled to MMG options or securities or to retirement benefits as part of their remuneration package.

Senior Macquarie Capital executives who are MMG directors may have some of or all of their performance bonus retentions notionally invested by Macquarie in MMG securities so that the amount varies as if they were actually invested in the securities, and may also receive MGL options as part of their remuneration package.

5. Remuneration committee

The boards of each of MMML, as responsible entity of MMT, MMHL and MMIL do not consider it necessary or appropriate to constitute a remuneration committee. Given the small size of the board and that senior executive remuneration is not paid by the fund, the full board undertakes a process to review and benchmark director remuneration and considers that a remuneration committee is not justified.

What you can find on our website:

— The MMG remuneration report.

Concise financial report
For the year ended 30 June 2009

Contents

Macquarie Media Group (MMG) comprises Macquarie Media Trust (ARSN 116 151 467) (MMT), Macquarie Media Holdings Limited (ACN 116 024 536) (MMHL) and Macquarie Media International Limited (ARBN 118 577 423) (MMIL) and their respective subsidiaries.

MMHL is a company limited by shares incorporated and domiciled in Australia. The registered office of MMHL is C/– Company Secretarial, Mezzanine Level, No 1 Martin Place, Sydney, NSW 2000, Australia.

MMIL is an exempted mutual fund company incorporated in Bermuda with limited liability with Bermudian registration number EC37694. The registered office of MMIL is C/– ISIS Fund Services Ltd, Penboss Building, 2nd Floor, 50 Parliament Street, Hamilton HM12, Bermuda.

Macquarie Media Management Limited (ACN 115 524 019) (AFS Licence No 292297) (MMML) is the responsible entity of MMT and manager of MMHL and MMIL. MMML is a member of the Macquarie Group of Companies. MMML's registered office is C/– Company Secretarial, Mezzanine Level, No 1 Martin Place, Sydney, NSW 2000, Australia.

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited (ABN 46 008 583 542) (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

This report is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in MMG, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

MMML, as responsible entity of MMT and manager of MMHL and MMIL, is entitled to fees for so acting. The Macquarie Group of Companies (including MMML) together with their officers and directors and officers and directors of MMHL and MMIL may hold stapled securities in MMG from time to time.

Explanation of the concise financial report

At 30 June 2009 Macquarie Media Group ("the Group") comprises Macquarie Media Trust ("MMT" or "the Trust"), Macquarie Media Holdings Limited ("MMHL") and its subsidiaries and Macquarie Media International Limited ("MMIL") and its subsidiaries. These three stapled entities trade as one listed security, Macquarie Media Group, on the Australian Securities Exchange (ASX code: MMG). A summary of the group structure as at 30 June 2009 is illustrated below.

Under Australian Accounting Standards, MMT has been deemed the Parent Entity of MMHL and MMIL for accounting purposes. Therefore the MMT consolidated financial statements include all entities forming Macquarie Media Group.

Financial statements for the MMHL consolidated group and MMIL consolidated group for the year ended 30 June 2009 have been presented in this report jointly, as permitted by ASIC Class Order 05/642.

The financial report for the Group, presented in the first column in the attached financial report, serves as a summary of the financial performance and position of Macquarie Media Group as a whole, while the two other financial reports provide summaries for the different entities that make up the Group.

As the securities held by investors are stapled securities in Macquarie Media Group, the financial report for the Group provides the most concise information regarding the performance of investors' funds, with further information on the components of the investment presented in the remaining columns.

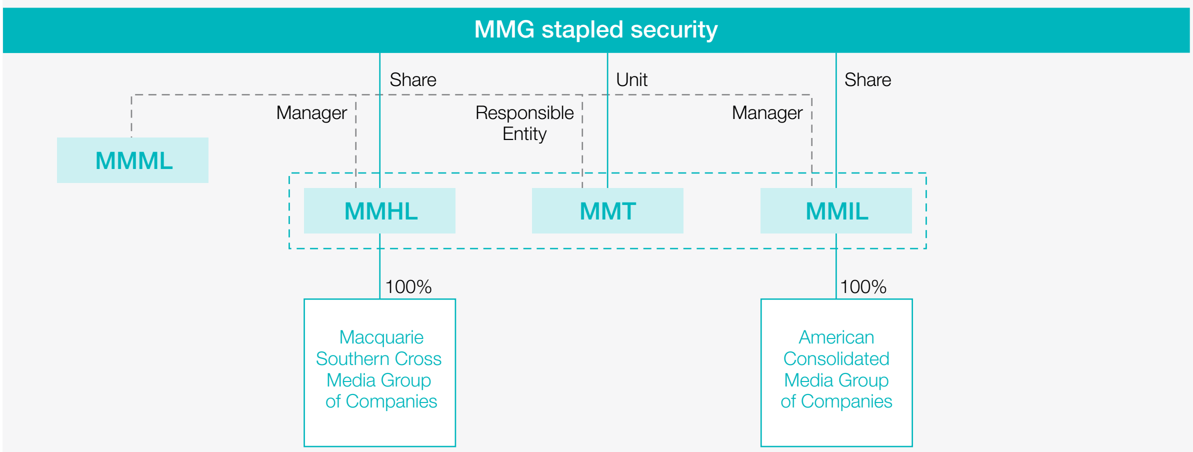
Relationship of the concise financial report to the full financial report

The concise financial report is an extract from the full financial report for the year ended 30 June 2009. The financial statements and specific disclosure included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group and its subsidiaries as the full financial report. Further financial information can be obtained from the full financial report.

The full financial report and the auditor's report will be sent to members on request, free of charge. Please contact Computershare on 1300 766 272 and a copy will be forwarded to you. Alternatively, you can access both the full financial report and the concise report via the MMG website: www.macquarie.com.au/mmg.

Figure 1 – MMG's corporate structure



Directors' reports – MMML, MMHL and MMIL

Macquarie Media Management Limited ("MMML" or "the Responsible Entity") acts as the responsible entity for Macquarie Media Trust ("MMT" or "the Trust"), the manager of Macquarie Media Holdings Limited ("MMHL") and the manager of Macquarie Media International Limited ("MMIL"). The directors of MMML submit the following report together with the financial report of the Macquarie Media Trust group ("MMG" or "the Group") for the year ended 30 June 2009. AASB Interpretation 1002: *Post-Date-of-Transition Stapling Arrangements* requires one of the stapled entities of a stapled structure to be identified as the parent entity for the purpose of preparing a consolidated financial report. In accordance with this requirement, MMT has been identified as the parent of the consolidated group comprising MMT, MMHL and its subsidiaries and MMIL and its subsidiaries, together acting as Macquarie Media Group.

The directors of MMHL submit the following report for the Macquarie Media Holdings Limited group, being Macquarie Media Holdings Limited and its subsidiaries (the "MMHL Group"), for the year ended 30 June 2009.

The directors of MMIL submit the following report for the Macquarie Media International Limited group, being Macquarie Media International Limited and its subsidiaries (the "MMIL Group"), for the year ended 30 June 2009.

Principal activities
The principal activity of MMG is investment in a broad range of media assets. The investment policy of the Group is to invest funds in accordance with the provisions of the Trust Constitution and the governing documents of the individual entities within the Group.

The principal activity of the MMHL Group is investment in a broad range of media assets. The investment policy of the MMHL Group is to invest funds in accordance with the provisions of the governing documents of the individual entities within the MMHL Group.

The principal activity of the MMIL Group is investment in a broad range of media assets. The investment policy of the MMIL Group is to invest funds in accordance with the provisions of the governing documents of the individual entities within the MMIL Group.

Directors
The following persons were directors of MMML during the whole of the year, unless otherwise stated, and up to the date of this report:

— Max Moore-Wilton (Chairman)
— Leon Pasternak
— Chris de Boer
— Michael Carapiet
— Tony Bell
— John Roberts (Alternate to Max Moore-Wilton and Michael Carapiet)

The following persons were directors of MMHL during the whole of the year, unless otherwise stated, and up to the date of this report:

— Max Moore-Wilton (Chairman)
— Leon Pasternak
— Chris de Boer
— Tony Bell
— John Roberts (Alternate to Max Moore-Wilton)
— Michael Carapiet (Alternate to Max Moore-Wilton)

The following persons held office as directors of MMIL during the whole of the year, unless otherwise stated, and up to the date of this report:

— Michael Hamer (Chairman)
— Bob Richards (Deputy Chairman)
— Michael Leverock
— Max Moore-Wilton
— John Roberts (Alternate to Max Moore-Wilton)
— Michael Carapiet (Alternate to Max Moore-Wilton)

Directors' reports – MMML, MMHL and MMIL
continued

Review and results of operations
The performance of the groups, as represented by the results of their combined operations presented in accordance with the accounting policies of the Group[1] for the year ended 30 June 2009, were as follows:

	MMG 2009 $'000	MMHL Group 2009 $'000	MMIL Group 2009 $'000	MMG 2008 $'000	MMHL Group 2008 $'000	MMIL Group 2008 $'000
Revenue from continuing activities	546,861	404,013	141,024	449,115	331,315	89,792
Other income	47,230	–	585	15,769	12,609	5,277
Total revenue and other income from continuing activities	594,091	404,013	141,609	464,884	343,924	95,069
(Loss)/Profit before income tax expense	(121,646)	(103,756)	(59,794)	23,245	(20,239)	(35,230)
Income tax benefit/(expense)	37,078	34,544	2,534	(3,513)	–	(2,427)
(Loss)/Profit from continuing operations after income tax	(84,568)	(69,212)	(57,260)	19,732	(20,239)	(37,657)
Profit from discontinued operations	–	–	–	237,066	–	237,066
(Loss)/Profit for the year	(84,568)	(69,212)	(57,260)	256,798	(20,239)	199,409
(Loss)/Profit attributable to:						
– Equity holders of the parent – MMT	(45,896)	–	–	82,796	–	–
– Equity holders of other stapled entities (MMHL & MMIL as minority interest)	(38,672)	–	–	191,008	–	–
– Equity holders of other stapled entities (MMHL & MMIL as parent interest)	–	(69,212)	(57,260)	–	(20,239)	216,415
– Stapled security holders	(84,568)	(69,212)	(57,260)	273,804	(20,239)	216,415
– Other minority interests	–	–	–	(17,006)	–	(17,006)
	(84,568)	(69,212)	(57,260)	256,798	(20,239)	199,409
Basic (loss)/earnings from continuing operations per unit attributable to:						
– MMT (as parent entity)[2]	(21.87)c	–	–	39.21c	–	–
Diluted (loss)/earnings from continuing operations per unit attributable to:						
– MMT (as parent entity)[2]	(21.87)c	–	–	38.98c	–	–
Basic loss from continuing operations per stapled security attributable to:						
– MMIL and MMHL (as parent entities)	–	(32.98)c	(27.29)c	–	(9.58)c	(17.83)c
Basic (loss)/earnings per stapled security						
– MMIL as parent entity	–	–	(27.29)c	–	–	102.49c
Diluted (loss)/earnings per stapled security						
– MMIL as parent entity	–	–	(27.29)c	–	–	101.66c

1. The financial results are presented on the basis described in note 1(b) to the full financial report.
2. The basic and diluted (loss)/earnings per unit attributable to MMT has been calculated using $45.9 million loss (2008: $82.8 million profit) attributable to the equity holders of MMT over basic and diluted weighted average number of securities.

The net result from continuing operations has decreased to a $84.6 million loss for the year ended 30 June 2009 from a $19.7 million net profit for the year ended 30 June 2008. The net loss from continuing operations includes $107.4 million of net non-cash charges (2008: $10.6 million) comprising a $138.9 million goodwill impairment charge (2008: nil) in respect of ACM, $52.4 million net fair value losses on interest rate and foreign currency hedging instruments (2008: $10.2 million fair value gains), net foreign exchange gains of $46.6 million (2008: $18.9 million net foreign exchange losses) and deferred tax benefit of $37.3 million (2008: deferred tax expense of $1.9 million). These items have been accounted for in the income statement but have no impact on MMG's operating cash flows or its ability to pay distributions. Excluding these non-cash items, net profit from continuing operations would have been $22.8 million, down 25% from the previous year.

— **Macquarie Southern Cross Media ("MSCM")**
Demonstrating the resilience of MSCM's regional media markets, MSCM continued to deliver sound performance despite the challenging macro-economic conditions in Australia which have impacted national and, to a lesser extent, local advertising sales.

On a like-for-like basis, revenue has decreased by 8.2% to $402.6 million and on a like-for-like basis, EBITDA has decreased by 15.4% to $123.4 million. On a like-for-like basis, the EBITDA margin has decreased from 33.2% to 30.6%. This result reflects the following:

— Lower advertising revenue due to the more demanding external environment. While local advertising revenues have remained relatively resilient for the year ended 30 June 2009 (down 4.0% on a like-for-like basis), national advertising revenue which represents 42.5% of total revenues is down 9.7% on a like-for-like basis;

— The adverse impact of the Olympic Games on MSCM Television business advertising shares in August 2008;

— Higher revenue levels in the first half of the year ended 30 June 2008 driven by advertising associated with the Federal election and government information campaigns; and

— The reduction in government licence fee rebates recognised to $2.2 million in the year ended 30 June 2009 from $12.2 million in the year ended 30 June 2008.

Partly offsetting the above factors is a reduction in variable costs such as television programming costs and sales commissions in line with lower revenue. MSCM has also seen the impact of cost synergies from the acquisition of MSCM Television and of management's actions to realign the cost base in response to the external environment and to continue to advance group wide revenue improvement strategies.

While the second half revenue performance continued to be impacted by a difficult national advertising environment and more cautious retail conditions as outlined above, there has been evidence of the rate of revenue decline reducing towards the end of the financial year.

As noted, the revenue and EBITDA reported above include the accounting impact of government licence fee rebates. Excluding these amounts from the current period and like-for-like period to more accurately reflect underlying performance:

— On a like-for-like basis, the MSCM Television revenue has decreased 7.0% and Television EBITDA has decreased 10.5%. Television EBITDA margin has decreased 1.0% to 25.5%.

— On a like-for-like basis, combined MSCM revenue has decreased 6.1% and EBITDA has decreased 9.3%. Combined MSCM EBITDA margin has decreased 1.1% to 30.3%.

While a decrease in EBITDA margin on an ex-rebate basis reflects lower advertising revenues and a base level of fixed costs, the decrease has been largely mitigated through the impact of variable cost reductions, cost synergies and performance optimisation initiatives.

— **American Consolidated Media ("ACM")**
All media businesses in the United States have been adversely affected by significantly challenging economic conditions; however, as almost all of ACM's revenues come from local communities, ACM is less exposed to the more volatile national advertising market than major city newspaper operators and hence has continued to outperform metropolitan newspaper operators. More significantly, ACM's new sales initiatives and programs imported from MMG's Australian business have also enabled ACM to outperform its US community newspaper peers.

Display advertising revenues, which are driven by local advertisers, represent 52.0% of total revenue for the year ended 30 June 2009 and are down 9.2% on a like-for-like basis. In contrast, classified advertising revenues, which are more exposed to the level of consumer transactions in housing and motor vehicles, and which represent 14.9% of total revenue, have been materially impacted by the lower overall level of consumer transactions in the market and are down 27.6% on a like-for-like basis. Steady circulation revenue increases and solid growth in online advertising revenues are helping to partially offset the impact on overall ACM revenues of this advertising decline.

Higher newsprint prices adversely impacted EBITDA for the first three quarters of the year ended 30 June 2009, particularly in January and February 2009 when newsprint input prices reached 30-year highs. However, newsprint pricing has recently begun to ease and this has contributed to lower costs in the last quarter of the year ended 30 June 2009.

In response to the challenging revenue environment, management has continued to focus on optimising operational performance through rigorous ongoing cost management and new revenue enhancement initiatives to adapt to external market pressures and support operational earnings.

– MMG

The key focus areas for MMG over the year ended 30 June 2009 have been actively managing revenue and cost performance in the MSCM and ACM businesses and conducting significant on-market and off-market buy-backs to increase earnings per security for continuing security holders. These initiatives have been important in addressing an external environment of demanding advertising and stock market conditions.

On 17 December 2008 MMG announced an on-market buy-back of up to 10% of MMG stapled securities and an intention to seek security holder approval for an additional buy-back of up to $50 million worth of MMG securities. The on-market buy-back of up to 10% of MMG stapled securities commenced on 13 January 2009 and may continue up to 12 January 2010. As at 19 August 2009 a total of 10,813,207 MMG stapled securities have been acquired for a total consideration of $10.6 million under this existing on-market buy-back.

On 14 April 2009 security holder approval was obtained for the additional buy-back of up to approximately $50 million worth of MMG securities or 86,956,521 MMG securities, whichever is the lesser, via a combination of an off-market buy-back and a further on-market buy-back (the "Buy-Back Program"). The off-market buy-back was completed on 4 May 2009 with the purchase of 14,723,415 MMG stapled securities for a total consideration of $22.1 million.

As at 19 August 2009 a total of 25,536,622 MMG stapled securities have been acquired under the off-market buy-back and existing on-market buy-back, representing 11.9% of securities on issue before the buy-backs commenced. MMG may continue on-market buy-backs for the remainder of the Buy-Back Program (up to the lesser of 72.2 million MMG securities and approximately $27.9 million worth of MMG securities) in addition to the existing on-market buy-back (up to 10.1 million MMG securities).

Discussions have commenced with the ACM and MSCM external financiers. These discussions remain at a preliminary stage and it is uncertain whether new facilities or other funding will be available to ACM and MSCM to repay their asset level facilities at or prior to their maturity and whether ACM will be able to renegotiate certain loan covenants by the next Testing Date (as defined in note 1 of the full financial report). Nothing in the financial report should be interpreted as a statement that any individual entity will provide any financial or legal commitment to any other entities in connection with the refinancing of maturing facilities of ACM and MSCM.

Distributions and dividends

The final distribution for the year ended 30 June 2009 was 3.2 cents per stapled security (30 June 2008: 22.5 cents). This distribution will be paid on 20 August 2009 by MMT.

The interim distribution for the half year ended 31 December 2008 was 4.5 cents per stapled security (31 December 2007: 24.5 cents). This distribution was paid on 17 February 2009 by MMT.

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of MMG, the MMHL Group and the MMIL Group, that occurred during the year under review.

Events occurring after balance date

No matters or circumstances have arisen since the end of the year that have significantly affected or may significantly affect the operations of MMG, MMT, MMHL, MMHL Group, MMIL or MMIL Group, the results of these operations in future financial years or the state of affairs of those entities in periods subsequent to the year ended 30 June 2009.

Likely developments and expected results of operations

Further information on likely developments relating to the operations of the Group in future years and the expected results of those operations has not been included in this report because the directors of the Responsible Entity, MMHL and MMIL believe it would be likely to result in unreasonable prejudice to the commercial interests of the Group.

Indemnification and insurance of officers and auditors

No insurance premiums are paid out of the assets of the Trust for insurance cover provided to either the officers of the Responsible Entity or the auditors of the Trust and the Group. During the year MMHL and MMIL paid a premium to insure the officers of MMHL and MMIL respectively. So long as the officers of the Responsible Entity act in accordance with the Constitution and the law, the officers remain indemnified out of the assets of the Trust and the Group against any losses incurred while acting on behalf of the Trust and the Group. The auditors of the Trust and the Group are in no way indemnified out of the assets of the Trust and the Group.

Fees paid to the Responsible Entity and associates

Fees paid to the Responsible Entity and its associates out of MMG's property during the year are disclosed in note 32 of the full financial report. No fees were paid out of Group property to the directors of the Responsible Entity during the year. Interests in the Group held by the Responsible Entity and its associates during the year are disclosed in note 32 of the full financial report.

Environmental regulation

The operations of MMT, MMHL and MMIL are not subject to any significant environmental regulations under Australian Commonwealth, State or Territory law.

The operations of the underlying assets in which the Group invests are subject to environmental regulations particular to the countries in which they are located. The directors are not aware of any breaches of these environmental regulations.

MMML's holdings of stapled securities

MMML holds 45,413,453 (2008: 45,413,453) stapled securities in MMG as at 30 June 2009.

Value of Trust assets

The value of the Trust assets at 30 June 2009 are $860,383,330 (2008: $925,776,476). The value of the MMG Group assets at 30 June 2009 are $2,010,171,087 (2008: $2,170,927,183). The value of the assets is derived using the basis set out in note 1 to the full financial report.

Interest in the groups issued during the financial year

	MMG Consolidated 2009 '000	MMG Consolidated 2008 '000	MMT Parent Entity 2009 '000	MMT Parent Entity 2008 '000
Securities/units on issue at the beginning of the year	**214,452**	208,404	**214,452**	208,404
Securities/units issued during the year	**494**	6,048	**494**	6,048
Securities/units bought back during the year	**(23,948)**	–	**(23,948)**	–
Securities/units on issue at the end of the year	**190,998**	214,452	**190,998**	214,452

Additional specific MMHL disclosures

Information on directors

	Experience and directorships	Special responsibilities	Particulars of director's interests in stapled securities
MMHL			
Chairman **Max Moore-Wilton**	*Experience*: Distinguished career in both private and public sectors, including dealing with government and regulators. *Other current directorships*: Airport Nova Developments Pty Limited, Copenhagen Airports A/s, Macquarie Airports Limited, Macquarie Airports Management Limited, Macquarie LAH Pty Limited, Macquarie Media Group No. 4 Limited, Macquarie Media Group Pty Limited, Macquarie Media International Limited, Macquarie Media Management Limited, Macquarie Southern Cross Media Pty Limited, Southern Cross Airports Corporation Holdings Limited, Southern Cross Airports Corporation Pty Limited, Sydney Airport Finance Company Pty Limited, Sydney Airport RPS Company Pty Limited, Leckhampton Investments Pty Limited and Chairman of Sydney Airport Corporation Limited. *Former directorships in last 3 years*: Nil	Chairman	688,517
Independent director **Leon Pasternak**	*Experience*: Practising solicitor and senior partner at Freehills, practising in corporate finance and mergers and acquisitions. *Other current directorships*: Commercial Custodian Nominees Pty Limited, Macquarie Media Management Limited and Genesis Care Pty Limited. *Former directorships in last 3 years*: Heart Care Group Pty Limited, Atco Controls Pty Limited.	Member of Audit Committee	359,849
Independent director **Chris de Boer**	*Experience*: Extensive career in stockbroking and investment advisory, investment banking and private equity. Five years as Chairman of the Takeovers Panel in Hong Kong. Cable & Wireless plc nominee to the board of Optus from 1996 to 2000. *Other current directorships*: AngelLink Limited, Mobilis Networks Limited, Macquarie Media Management Limited, Chris de Boer Limited and Chairman of Sonar Limited trading as Sonar 6. *Former directorships in last 3 years*: Argent Networks Limited, Phitek Systems Limited and New Zealand Venture Investment Fund.	Chairman of Audit Committee	40,000
Independent director **Tony Bell**	*Experience*: Over 30 years' experience in the media industry. *Other current directorships*: Macquarie Media Management Limited. *Former directorships in last 3 years*: Southern Cross Broadcasting (Australia) Limited, Commercial Radio Australia, Regional Broadcasters Australia and Free TV Australia Limited.	Member of Audit Committee	70,000

	Experience and directorships	Special responsibilities	Particulars of director's interests in stapled securities
Alternate to Max Moore-Wilton **John Roberts**	*Experience*: Joined the Macquarie Group in 1991. He is based in Sydney and is both global head of the Macquarie Capital Funds division and joint head of the Macquarie Capital Advisers division. *Other current directorships*: Airport Nova Developments Pty Limited, Ampci Macquarie Infrastructure Management No 1 Limited, Ampci Macquarie Infrastructure Management No 2 Limited, Birmingham Airport Holdings Ltd, Duet Investment Holdings Limited, Macquarie Advanced Investment Partners G.P. Ltd., Macquarie Airports Limited, Macquarie Capital Funds Limited, Macquarie Capital Group Limited, Macquarie Capital Loans Management Limited, Macquarie Diversified Asset Advisory Pty Limited, Macquarie Global Opportunities Partners GP Ltd, Macquarie Global Opportunities Partners Investment Ltd, Macquarie Global Opportunities Partners Investment Pty Ltd, Macquarie Infrastructure Company LLC, Macquarie Infrastructure Funds Management Pty Limited, Macquarie Infrastructure Management (Asia) Pty Limited, Macquarie Infrastructure Management (Asia) Pty Limited – Singapore Branch, Macquarie International Advisory Services Pty Limited, Macquarie International Infrastructure Fund Limited, Macquarie Investment Management (Bermuda) Limited, Macquarie LAH Pty Limited, Macquarie Management Company (ISF) 3 Limited, Macquarie Media Fund Management Pty Limited, Macquarie Media International Limited, Macquarie Media Management Limited, Macquarie Mexico Infrastructure 1, S.A.P.I. DE C.V, Macquarie Mexico Infrastructure 2, S.A.P.I. DE C.V, Macquarie Mexico Infrastructure Management, S.A. DE C.V, Macquarie Middle East Management Limited, Macquarie Renewables Holdings Pty Limited, Macquarie Renewables Management Limited, Macquarie Specialised Asset Management 2 Limited, Macquarie Specialised Asset Management Limited, MAIP Holdings Limited, MAIP No. 1 Limited, MAIP No. 2 Limited, MAIP No. 3 Limited, MAIP No. 4 Limited, MAIP No. 5 Limited, New World Gaming Partners Holdings British Columbia Ltd., Retirement Villages Australia Limited, Retirement Villages Group Management Pty Limited, Retirement Villages Group R.E. Limited, Southern Cross Airports Corporation Holdings Limited, Southern Cross Airports Corporation Pty Limited, Sydney Airport Corporation Limited, Sydney Airport Finance Company Pty Limited, Sydney Airport RPS Company Pty Limited. *Former directorships in last 3 years*: Hills Motorway Management Limited, Connecteast Management Limited, Macquarie Capital Alliance Management Limited, Macquarie Airports Limited, Sydney Roads Management Limited and other MBL group companies.	–	500,000

	Experience and directorships	Special responsibilities	Particulars of director's interests in stapled securities
Alternate to Max Moore-Wilton **Michael Carapiet**	*Experience*: Joined Macquarie Group in 1985 and has worked with Macquarie Capital since 1989. He is a member of Macquarie Group Executive Committee and global Head of Macquarie Capital Advisers *Other current directorships*: Hillsam Nominees Pty Limited, Macquarie Asia Holdings Pty Limited, Macquarie Asset Finance Limited, Macquarie Capital (New Zealand) Limited, Macquarie Capital Advisers (Dubai) Limited, Macquarie Capital Advisers Cre Pty Ltd, Macquarie Capital Advisers Limited, Macquarie Capital Group Limited, Macquarie Capital International Holdings Pty Limited, Macquarie Corporate Finance Limited, Macquarie Equity Capital Markets Limited, Macquarie First South (Proprietary) Limited, Macquarie Indonesia Holdings Pty Limited, Macquarie Infrastructure Funds Management Limited, Macquarie Investment Advisory (Beijing) Co Ltd, Macquarie Japan Infrastructure No. 1 Pty Limited, Macquarie Japan Infrastructure No. 2 Pty Limited, Macquarie Media International Limited, Macquarie Media Management Limited, Macquarie Specialised Asset Management 2 Limited, Macquarie Specialised Asset Management Limited, MCA Acquisition Corp, MCA Acquisition Corp. Holdings Limited, PT Macquarie Konsultan Indonesia. *Former directorships in last 3 years*: Airport Motorway Infrastructure No. 1 Limited, Airport Motorway Infrastructure No.3 Limited, Airport Motorway Infrastructure No.4 Limited, ATM Solutions Australasia Pty Limited, Australia Infrastructure Pty Limited, Bao Wave Pty Limited, Bavain Pty Limited, Bond Street Lease Management Pty Limited, Cazinon Pty Limited, Dyno Nobel Limited, Dyno Nobel Pty Limited, Essential Infrastructure Australia Pty Limited, Felter Pty Limited, Foucault Pty Limited, Global Infrastructure (Sydney Holdings) Pty Limited, Infrastructure Investments No.1 Pty Limited, Japan Automobile Road Corporation Limited, JIG Holdings Limited, Lanrod Pty Limited, Macquarie Airports Management Limited, Macquarie Asian Investments Pty Limited, Macquarie Capital Alliance Management Limited, Macquarie Communications Infrastructure Management Limited, Macquarie European Financial Investments Pty Ltd, Macquarie Infrastructure Investment Management Limited, Macquarie Infrastructure Limited, Macquarie Infrastructure No 2 Limited, Macquarie International Investments Pty Limited, Macquarie New Zealand Limited, Macquarie Shinsei Advisory Co Ltd, Macquarie Telecommunications Holdings Pty Limited, Managers Pty Limited, Mongoose Acquisition LLC, Mongoose Pty Limited, OT Holdings Pty Limited, Parsees Pty Limited, Rovny Pty Limited, Rugarno Pty Limited, Santorini One Pty Limited, Taikansan Kaihatsu Limited, Talamba Pty Limited, Tegensee Pty Limited, Valcora Pty Limited, Wuxta Pty Limited.	–	309,050

Additional specific MMHL disclosures (continued)

MMHL company secretaries

The company secretaries of MMHL are Ms C Williams and Ms S Webb and are both practising solicitors. Ms C Williams is an Executive Director and Ms S Webb is a Division Director of the Macquarie Group Limited group ("Macquarie Group").

Meetings of MMHL's directors

The number of meetings of the MMHL board of directors and of the audit committee held during the year ended 30 June 2009, and the numbers of meetings attended by each director were:

	Meetings of directors		Meetings of audit committee	
	Meetings attended	Meetings held	Meetings attended	Meetings held
MMHL director				
Max Moore-Wilton (Chairman)	12	12	N/A*	N/A*
Leon Pasternak	11	12	3	4
Chris de Boer	12	12	4	4
Tony Bell	12	12	4	4

* Max Moore-Wilton is not a member of the Audit Committee.

John Roberts and Michael Carapiet did not attend any of the board meetings of MMHL in their capacity as alternate directors to Max Moore-Wilton.

MMHL remuneration report

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements

The information provided under the headings listed above includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited.

The information provided in this remuneration report has been audited as required by s308(3c) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration (audited)

The remuneration paid to directors who are not employees of Macquarie Group is determined with reference to current market rates for directorships of similar entities. The level of remuneration is not related to the performance of MMG. Refer to remuneration of non-executive directors for further information.

Where possible, the remuneration of directors who are employees of Macquarie Group has been determined based on an appropriate allocation of the directors' time and contribution across their areas of responsibility with MMHL and other Macquarie Group businesses.

Non-executive directors

The MMHL Constitution provides that directors (other than the managing or executive directors) are entitled to remuneration in aggregate not exceeding $400,000. For the financial year ended 30 June 2009 independent directors were entitled to a director's fee of $42,500 per annum. From 1 January 2009, the chairman receives a fee of $47,500 per annum from MMHL.

MMHL non-executive directors are not entitled to MMG securities or to retirement benefits as part of their remuneration package.

Executives

MMHL and MMHL Group do not pay any remuneration to company executives or any other relevant group executive. All such persons are employed by Macquarie Group and are seconded to the Manager under a resource agreement between an entity within the Macquarie Group and the Manager.

Details of remuneration (audited)

Remuneration of directors

	1 Jul 08–30 Jun 09 Director's fees $	1 Jul 08–30 Jun 09 Other fees $	1 Jul 08–30 Jun 09 Total fees $	1 Jul 07–30 Jun 08 Director's fees $	1 Jul 07–30 Jun 08 Other fees $	1 Jul 07–30 Jun 08 Total fees $
MMHL independent directors						
Leon Pasternak	**42,500**	**–**	**42,500**	41,250	14,250	55,500
Chris de Boer	**42,500**	**–**	**42,500**	41,250	13,500	54,750
Tony Bell	**42,500**	**6,000**	**48,500**	10,625	3,000	13,625
MMHL chairman						
Max Moore-Wilton	**23,750**	**–**	**23,750**	–	–	–

No payment was made by the MMHL Group to any other directors of MMHL or to any director of the Responsible Entity during the year ended 30 June 2009.

No other payments, other than disclosed in the table above, were made by the MMHL Group to any of the MMHL directors during their period of director's service.

Service agreements (audited)

Remuneration for the directors are formalised in service agreements. Upon termination of the service agreements, directors are not entitled to any payments, other than directors' fees payable up until the date of termination. Termination is governed by the terms of the service agreement and the Constitution of MMHL.

Loans to directors and executives

There were no loans to directors and executives.

Share options granted to directors

No options over unissued ordinary shares of MMHL exist nor were granted to directors at 30 June 2009.

Directors' holdings of stapled securities

The aggregate numbers of MMG stapled securities held directly, indirectly or beneficially by directors of MMHL or their director-related entities at the date of this financial report are:

	Balance at start of year	Changes during year	Balance at end of year
Max Moore-Wilton	300,000	388,517	688,517
Leon Pasternak	99,344	260,505	359,849
Chris de Boer	10,000	30,000	40,000
Tony Bell	–	70,000	70,000
Michael Carapiet (as Alternate)	250,000	59,050	309,050
John Roberts (as Alternate)	500,000	–	500,000
	1,159,344	808,072	1,967,416

The aggregate numbers of MMG stapled securities held directly, indirectly or beneficially by directors of MMML and MMIL or their director-related entities at the date of this financial report are set out in note 32 to the full financial report.

MMHL non-audit services

MMHL and the MMHL Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

— all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and

— none of the services undermine the general principles relating to auditor independence as set out in APES 110: *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

	MMHL Group	**MMHL**	MMHL Group	MMHL
	1 Jul 08– 30 Jun 09 $	**1 Jul 08– 30 Jun 09 $**	1 Jul 07– 30 Jun 08 $	1 Jul 07– 30 Jun 08 $
(a) Audit services				
PricewaterhouseCoopers Australian firm:				
Statutory audit and review of financial reports	**1,050,954**	**155,742**	1,468,387	258,587
Total remuneration for audit services	**1,050,954**	**155,742**	1,468,387	258,587
(b) Non-audit services				
Taxation services				
PricewaterhouseCoopers Australian firm:				
Tax compliance services	**1,085**	**1,085**	32,747	32,747
Total remuneration for taxation services	**1,085**	**1,085**	32,747	32,747
Other services				
PricewaterhouseCoopers Australian firm:				
Other	**105,982**	**41,452**	14,862	14,862
Total remuneration for other services	**105,982**	**41,452**	14,862	14,862
Total	**1,158,021**	**198,279**	1,515,996	306,196

Auditor's independence declaration
A copy of the auditor's independence declaration, as required under s307C of the *Corporations Act 2001*, is set out on page 51.

Application of Class Order
The financial reports for MMHL and the MMHL Group, MMIL and the MMIL Group, MMT and MMG are jointly presented in the one report, the MMG financial report, as permitted by ASIC Class Order 05/642.

Rounding of amounts in the directors' report and the concise financial report
MMG, MMT, MMHL and MMHL Group are of a kind referred to in Class Order 98/100, as amended by Class Order 04/667 and Class Order 05/641, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with resolutions of the directors of Macquarie Media Management Limited in its capacity as responsible entity of Macquarie Media Trust

Max Moore-Wilton
Chairman
Macquarie Media Management Limited

Sydney, Australia
19 August 2009

Chris de Boer
Director
Macquarie Media Management Limited

Sydney, Australia
19 August 2009

Signed in accordance with resolutions of the directors of Macquarie Media Holdings Limited

Max Moore-Wilton
Chairman
Macquarie Media Holdings Limited

Sydney, Australia
19 August 2009

Chris de Boer
Director
Macquarie Media Holdings Limited

Sydney, Australia
19 August 2009

Signed in accordance with resolutions of the directors of Macquarie Media International Limited

Michael Hamer
Chairman
Macquarie Media International Limited

Hamilton, Bermuda
19 August 2009

Bob Richards
Deputy Chairman
Macquarie Media International Limited

Hamilton, Bermuda
19 August 2009

Auditor's independence declaration

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As lead auditor for the audit of Macquarie Media Trust and Macquarie Media Holdings Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Macquarie Media Trust, Macquarie Media Holdings Limited and the entities they controlled during the year.

Wayne Andrews

Wayne Andrews
Partner
PricewaterhouseCoopers

Sydney
19 August 2009

Consolidated income statements

For the year ended 30 June 2009

	Note	MMG 1 Jul 08– 30 Jun 09 $'000	MMHL Group 1 Jul 08– 30 Jun 09 $'000	MMIL Group 1 Jul 08– 30 Jun 09 $'000	MMG 1 Jul 07– 30 Jun 08 $'000	MMHL Group 1 Jul 07– 30 Jun 08 $'000	MMIL Group 1 Jul 07– 30 Jun 08 $'000
Revenue from continuing operations (excluding share of net profits of investments accounted for using the equity method)	2	**546,861**	**404,013**	**141,024**	449,115	331,315	89,792
Other income	2	**47,230**	**–**	**585**	15,769	12,609	5,277
Employee expenses		**(145,446)**	**(95,563)**	**(49,883)**	(123,018)	(78,349)	(37,058)
Broadcast and production costs		**(139,064)**	**(101,970)**	**(37,094)**	(103,158)	(67,739)	(23,684)
Management fee expense		**(1,332)**	**(8)**	**(342)**	(11,397)	(1,478)	(3,175)
Occupancy costs		**(17,146)**	**(15,639)**	**(1,507)**	(7,979)	(6,509)	(1,021)
Depreciation and amortisation expense		**(31,471)**	**(20,099)**	**(11,372)**	(21,288)	(14,670)	(5,109)
Finance costs		**(101,097)**	**(165,747)**	**(15,929)**	(83,200)	(143,566)	(36,570)
Promotions and marketing		**(9,302)**	**(6,809)**	**(2,448)**	(8,684)	(6,389)	(1,926)
Administration costs		**(75,608)**	**(56,812)**	**(18,373)**	(64,761)	(51,042)	(11,957)
Other expenses from ordinary activities		**(57,474)**	**(46,265)**	**(15,709)**	(20,032)	(313)	(9,799)
Share of net profits of investments accounted for using the equity method		**1,143**	**1,143**	**–**	1,878	5,892	–
Impairment of goodwill	2	**(138,940)**	**–**	**(138,940)**	–	–	–
Fair value adjustment on consolidation		**–**	**–**	**90,194**	–	–	–
(Loss)/Profit before income tax expense		**(121,646)**	**(103,756)**	**(59,794)**	23,245	(20,239)	(35,230)
Income tax benefit/(expense)		**37,078**	**34,544**	**2,534**	(3,513)	–	(2,427)
(Loss)/Profit from continuing operations after income tax		**(84,568)**	**(69,212)**	**(57,260)**	19,732	(20,239)	(37,657)
Profit from discontinued operations		**–**	**–**	**–**	237,066	–	237,066
(Loss)/Profit for the year		**(84,568)**	**(69,212)**	**(57,260)**	256,798	(20,239)	199,409
(Loss)/Profit attributable to:							
– Equity holders of the parent – MMT		**(45,896)**	**–**	**–**	82,796	–	–
– Equity holders of other stapled entities (MMHL & MMIL as minority interest)		**(38,672)**	**–**	**–**	191,008	–	–
– Equity holders of other stapled entities (MMHL & MMIL as parent entities)		**–**	**(69,212)**	**(57,260)**	–	(20,239)	216,415
– Stapled security holders		**(84,568)**	**(69,212)**	**(57,260)**	273,804	(20,239)	216,415
– Other minority interests		**–**	**–**	**–**	(17,006)	–	(17,006)
		(84,568)	**(69,212)**	**(57,260)**	256,798	(20,239)	199,409
Basic (loss)/earnings from continuing operations per unit							
– MMT (as parent entity)		**(21.87)c**	**–**	**–**	39.21c	–	–
Diluted (loss)/earnings from continuing operations per unit attributable to:							
– MMT (as parent entity)		**(21.87)c**	**–**	**–**	38.98c	–	–
Basic/Diluted loss from continuing operations per stapled security attributable to:							
– MMHL and MMIL (as parent entities)		**–**	**(32.98)c**	**(27.29)c**	–	(9.58)c	(17.83)c
Basic (loss)/earnings per stapled security							
– MMIL (as parent entity)		**–**	**–**	**(27.29)c**	–	–	102.49c
Diluted (loss)/earnings per stapled security							
– MMIL (as parent entity)		**–**	**–**	**(27.29)c**	–	–	101.66c

The above income statements should be read in conjunction with the accompanying notes.

Consolidated balance sheets

As at 30 June 2009

	Note	MMG 30 Jun 09 $'000	MMHL Group 30 Jun 09 $'000	MMIL Group 30 Jun 09 $'000	MMG 30 Jun 08 $'000	MMHL Group 30 Jun 08 $'000	MMIL Group 30 Jun 08 $'000
Current assets							
Cash and cash equivalents		**347,070**	**25,383**	**4,056**	453,758	51,188	219,228
Receivables		**94,247**	**79,615**	**14,119**	100,337	87,216	13,528
Inventories		**2,355**	**54**	**2,301**	2,630	56	2,574
Current tax assets		**–**	**–**	**–**	1,360	1,360	–
Derivative financial instruments		**–**	**–**	**–**	2,447	–	2,447
Total current assets		**443,672**	**105,052**	**20,476**	560,532	139,820	237,777
Non-current assets							
Receivables		**1,347**	**460**	**130,326**	444	62,055	416
Investments accounted for using the equity method		**29,503**	**29,503**	**–**	28,139	28,139	–
Property, plant and equipment		**183,854**	**159,260**	**24,594**	176,951	156,905	20,046
Intangible assets		**1,317,009**	**1,065,717**	**251,292**	1,389,400	1,067,360	322,040
Deferred tax assets		**34,786**	**34,544**	**242**	–	–	–
Derivative financial instruments		**–**	**–**	**–**	15,440	15,178	262
Retirement benefit assets		**–**	**–**	**–**	21	21	–
Total non-current assets		**1,566,499**	**1,289,484**	**406,454**	1,610,395	1,329,658	342,764
Total assets		**2,010,171**	**1,394,536**	**426,930**	2,170,927	1,469,478	580,541
Current liabilities							
Distribution payable	3	**6,117**	**–**	**–**	48,252	–	–
Payables		**66,451**	**162,675**	**9,488**	67,823	93,517	12,947
Provisions		**5,946**	**4,844**	**1,102**	7,213	6,361	852
Borrowings		**174,405**	**9,880**	**164,525**	298	298	–
Current tax liabilities		**163**	**8**	**136**	789	–	123
Derivative financial instruments		**31,417**	**25,753**	**5,664**	–	–	–
Total current liabilities		**284,499**	**203,160**	**180,915**	124,375	100,176	13,922
Non-current liabilities							
Provisions		**7,848**	**7,848**	**–**	7,090	7,090	–
Borrowings		**852,733**	**1,376,564**	**–**	1,056,900	1,492,580	267,454
Deferred tax liabilities		**15,744**	**–**	**15,744**	14,171	–	14,171
Retirement benefit obligations		**206**	**206**	**–**	–	–	–
Derivative financial instruments		**6,018**	**6,018**	**–**	2,595	–	2,595
Total non-current liabilities		**882,549**	**1,390,636**	**15,744**	1,080,756	1,499,670	284,220
Total liabilities		**1,167,048**	**1,593,796**	**196,659**	1,205,131	1,599,846	298,142
Net assets/(liabilities)		**843,123**	**(199,260)**	**230,271**	965,796	(130,368)	282,399
Equity							
Equity attributable to equity holders of the parent – MMT							
Contributed equity		**823,278**	**–**	**–**	850,066	–	–
Reserves		**(98,968)**	**–**	**–**	(36,298)	–	–
Retained profits		**–**	**–**	**–**	–	–	–
MMT unitholders' interest		**724,310**	**–**	**–**	813,768	–	–
Equity attributable to other stapled security holders – MMHL & MMIL							
Contributed equity		**118,137**	**4,469**	**113,668**	121,178	4,499	116,679
Reserves		**(1,674)**	**(339)**	**(1,359)**	(10,172)	(689)	(9,502)
Other equity transaction		**(77,406)**	**(77,406)**	**–**	(77,406)	(77,406)	–
(Accumulated losses)/Retained profits		**79,458**	**(126,282)**	**117,962**	118,130	(57,070)	175,222
Other stapled security holders' interest		**118,515**	**(199,558)**	**230,271**	151,730	(130,666)	282,399
Minority interest		**298**	**298**	**–**	298	298	–
Total equity		**843,123**	**(199,260)**	**230,271**	965,796	(130,368)	282,399

The above balance sheets should be read in conjunction with the accompanying notes.

Consolidated statements of recognised income and expenses

For the year ended 30 June 2009

	MMG 1 Jul 08– 30 Jun 09 $'000	MMHL Group 1 Jul 08– 30 Jun 09 $'000	MMIL Group 1 Jul 08– 30 Jun 09 $'000	MMG 1 Jul 07– 30 Jun 08 $'000	MMHL Group 1 Jul 07– 30 Jun 08 $'000	MMIL Group 1 Jul 07– 30 Jun 08 $'000
Exchange differences on translation of foreign operations	**8,679**	**–**	**8,674**	(2,513)	–	(2,532)
Change in the fair value of available for sale financial assets	**–**	**–**	**–**	5,778	–	–
Actuarial gain/(loss) on retirement benefits plan	**481**	**481**	**–**	(820)	(820)	–
(Loss)/Profit for the year	**(84,568)**	**(69,212)**	**(57,260)**	256,798	(20,239)	199,409
Total recognised income and expense for the year	**(75,408)**	**(68,731)**	**(48,586)**	259,243	(21,059)	196,877
Total recognised income and expenses for the year is attributable to:						
– Equity holders of the parent (MMT)	**(45,896)**	**–**	**–**	88,574	–	–
– Equity holders of other stapled entities (MMHL and MMIL as minority interest and parent entities)	**(29,512)**	**(68,731)**	**(48,586)**	187,675	(21,059)	213,883
Other minority interests	–	–	–	(17,006)	–	(17,006)
	(75,408)	**(68,731)**	**(48,586)**	259,243	(21,059)	196,877

The above statements of recognised income and expenses should be read in conjunction with the accompanying notes.

Consolidated statements of cash flows

For the year ended 30 June 2009

	MMG 1 Jul 08– 30 Jun 09 $'000	MMHL Group 1 Jul 08– 30 Jun 09 $'000	MMIL Group 1 Jul 08– 30 Jun 09 $'000	MMG 1 Jul 07– 30 Jun 08 $'000	MMHL Group 1 Jul 07– 30 Jun 08 $'000	MMIL Group 1 Jul 07– 30 Jun 08 $'000
Cash flows from operating activities						
Receipts from customers	**618,794**	**485,840**	**132,954**	731,455	394,260	303,291
Payments to suppliers/employees	**(454,189)**	**(338,778)**	**(114,694)**	(465,265)	(277,335)	(167,825)
Government grants received	**2,230**	**2,230**	**–**	8,125	8,125	–
Responsible entity/Manager base fees paid	**(2,513)**	**(90)**	**(681)**	(14,526)	(1,770)	(4,008)
Payments on/proceeds from settlement of derivative financial instruments	**(2,050)**	**–**	**(2,050)**	2,568	–	2,568
Interest received from external parties	**22,224**	**2,689**	**8,675**	10,472	3,589	6,110
Interest received from related parties	**–**	**2,471**	**871**	–	19,378	–
Dividends received from associates	**1,000**	**1,000**	**–**	1,667	1,667	–
Dividends received	**–**	**–**	**–**	7,300	–	–
Net indirect taxes (paid)/received	**(21,920)**	**(21,332)**	**(73)**	(19,885)	(19,885)	–
Tax paid	**(129)**	**(149)**	**20**	(34,874)	(2,588)	(14,562)
Net cash flows from operating activities	**163,447**	**133,881**	**25,022**	227,037	125,441	125,574
Cash flows from investing activities						
Payments for purchase of property, plant and equipment	**(23,487)**	**(21,873)**	**(1,614)**	(36,885)	(12,239)	(24,646)
Payments for purchase of intangibles	**(1,279)**	**(13)**	**(1,266)**	–	–	–
Proceeds from sale of property, plant and equipment	**522**	**392**	**130**	6,722	6,492	230
Proceeds from held for sale assets	**–**	**–**	**–**	522,580	522,580	–
Proceeds from sale of other financial assets	**43**	**–**	**43**	180,558	–	180,558
Transfer of cash to escrow account/cash reserves	**–**	**–**	**–**	(18,202)	–	(18,202)
Proceeds from disposal of controlled entities, net of cash disposed	**–**	**–**	**–**	377,459	23,307	354,152
Payment for settlement of scheme of arrangement	**–**	**–**	**–**	(26,187)	–	–
Payments for purchase of investments	**(1,268)**	**(1,268)**	**–**	–	–	–
Payments for purchase of controlled entities, net of cash acquired	**–**	**–**	**–**	(1,240,022)	(1,242,723)	(192,187)
Net cash flows from investing activities	**(25,469)**	**(22,762)**	**(2,707)**	(233,977)	(702,583)	299,905
Cash flows from financing activities						
Distributions paid to security holders	**(57,924)**	**–**	**–**	(82,445)	–	–
Distributions on Redeemable Preference Shares	**–**	**(4,600)**	**–**	–	(62,375)	–
Distributions paid to minority interests	**–**	**–**	**–**	(96,465)	–	(96,465)
Borrowings from external parties	**31,500**	**31,500**	**–**	1,975,208	927,991	934,637
Repayment of borrowings from external parties	**(99,567)**	**(86,400)**	**(13,167)**	(1,113,528)	(310,493)	(536,309)
Repayment of borrowings to minority interests	**–**	**–**	**–**	(215,275)	–	(215,275)
Repayment of capital to minority interests	**–**	**–**	**–**	(1,328)	–	(1,328)
Borrowings repaid to/from related parties	**–**	**(14,076)**	**(319,542)**	–	–	–
Loans advanced to/borrowings from related parties	**–**	**14,880**	**115,375**	–	126,725	(285,752)
Payments for buy-back/proceeds from capital raising	**(30,494)**	**–**	**(3,124)**	419	–	–
Buy-back costs	**(710)**	**(123)**	**(157)**	–	–	–
Interest paid to external parties	**(90,776)**	**(77,415)**	**(13,361)**	(100,183)	(61,265)	(37,604)
Interest paid to related parties	**–**	**(605)**	**(6,901)**	–	–	(42,237)
Interests paid to minorities	**–**	**–**	**–**	(39,032)	–	(39,032)
Movement in finance lease liabilities	**(85)**	**(85)**	**–**	–	–	–
Proceeds/payments on financing hedges	**–**	**–**	**–**	(1,921)	–	(2,726)
Net cash flows from financing activities	**(248,056)**	**(136,924)**	**(240,877)**	325,450	620,583	(322,091)
Net increase/(decrease) in cash and cash equivalents	**(110,078)**	**(25,805)**	**(218,562)**	318,510	43,441	103,388
Cash assets at the beginning of the year	**453,758**	**51,188**	**219,228**	119,610	7,747	100,385
Exchange rate movements	**3,390**	**–**	**3,390**	(2,095)	–	(2,278)
Cash assets at the end of the year	**347,070**	**25,383**	**4,056**	436,025	51,188	201,495
Reconciliation of cash and cash equivalents						
Cash assets	**347,070**	**25,383**	**4,056**	436,025	51,188	201,495
Cash in escrow	**–**	**–**	**–**	17,733	–	17,733
Total cash and cash equivalents	**347,070**	**25,383**	**4,056**	**453,758**	51,188	219,228

The above statements of cash flows should be read in conjunction with the accompanying notes.

Discussion and analysis of the results

For the year ended 30 June 2009

Financial performance

Operating performance

The net result from continuing operations has decreased to a $84.6 million loss for the year ended 30 June 2009 from a $19.7 million net profit for the year ended 30 June 2008. The net loss from continuing operations includes $107.4 million of net non-cash charges (2008: $10.6 million) comprising a $138.9 million goodwill impairment charge (2008: nil) in respect of ACM, $52.4 million net fair value losses on interest rate and foreign currency hedging instruments (2008: $10.2 million fair value gains), net foreign exchange gains of $46.6 million (2008: $18.9 million net foreign exchange losses) and deferred tax benefit of $37.3 million (2008: deferred tax expense of $1.9 million). These items have been accounted for in the income statement but have no impact on MMG's operating cash flows or its ability to pay distributions. Excluding these non-cash items, net profit from continuing operations would have been $22.8 million, down 25% from the previous year.

Discontinued operations

For the year ended 30 June 2008, MMG completed the sale of its 60% ownership interest in Taiwan Broadband Communications ("TBC") for a profit of $255.4 million (as disclosed in the Discontinued Operations note 5 to the full financial report).

Revenue

The total revenue for the year was $546.9 million (2008: $449.1 million), comprising the following:

- Revenue from Macquarie Southern Cross Media Pty Limited group of companies for the year – MMG's regional radio operations and regional free to air television in Australia.
- Revenue from American Consolidated Media group of companies for the year.
- Interest income of $20.3 million (2008: $6.4 million) from surplus cash on deposit.

Other income

Total other income for the year was $47.2 million (2008: $15.8 million), comprising the following:

- Gain on sale of commercial radio broadcast licences/ non-current assets of $0.6 million (2008: $2.9 million).
- Net foreign exchange gains of $46.6 million (2008: $nil).
- For the year ended 30 June 2008 there were non-cash fair value gains of $10.2 million on the valuation of certain financial instruments and realised gains of $2.6 million on financial instruments.

Other expenses

Other expenses included the following:

- Non-cash fair value losses of $52.4 million on the valuation of interest rate and foreign currency financial instruments and realised losses of $3.9 million on foreign currency financial instruments.
- Other expenses of $1.1 million (2008: $1.1 million).
- For the year ended 30 June 2008 there were net foreign exchange losses of $18.9 million.

Finance costs

The finance costs include amounts paid to external banks on finance facilities in place.

Income tax

- Under the Income Tax Assessment Acts, MMT is not liable for income tax provided that the taxable income of MMT is fully distributed to stapled security holders each year.
- MMHL and its wholly owned Australian subsidiaries are a Tax Consolidated Group ("TCG"). As a consequence, tax liabilities, assets, expenses and benefits in the TCG are recognised by MMHL, the head entity in the TCG, in its own financial statements.
- Income tax has not been brought to account in respect of MMIL as, under Bermudian law, MMIL will not be subject to any income, withholding or capital gains taxes in Bermuda.
- Income tax in relation to other foreign controlled entities has been brought to account using the balance sheet approach.
- MMG has recognised a total deferred tax benefit of $37.3 million in the year (2008: deferred tax expense of $1.9 million) in relation to deferred tax assets and liabilities being recognised in the year.

Other minority interests

- For the year ended 30 June 2008, other minority interests were allocated a loss of $17.0 million representing their share of the results of operations of TBC and their share of the fair value adjustments on financial instruments used to fund their acquisition of TBC, up until the date of disposal.

Earnings per stapled security

- The basic loss per stapled security attributable to MMT unitholders was 21.87 cents per stapled security.
- The weighted average number of shares on issue used in the calculation of the earnings per stapled security is 209.8 million.

Financial position

Assets

At 30 June 2009, total assets of MMG were $2,010.2 million (2008: $2,170.9 million).

Intangible assets of $1,317.0 million (2007: $1,389.4 million) represent the identifiable intangible assets and goodwill of the businesses in the Group. This includes commercial radio broadcasting licences and newspaper mastheads. The intangible assets that are assessed as having an indefinite life are recorded at cost and tested at least annually for impairment.

Liabilities

At 30 June 2009, total liabilities of MMG were $1,167.0 million (2008: $1,205.1 million). This includes the external finance facilities in place at balance date.

Equity

At 30 June 2009, total equity of MMG was $843.1 million (2008: $965.8 million) including minority interests of $0.3 million (2008: $0.3 million).

Statement of cash flows

Net cash flows from operating activities

Cash flows from operating activities have decreased by $63.6 million from $227.0 million in 2008 to $163.4 million in 2009. The decrease predominantly reflects the decrease in government grants received in the year and a decrease in EBITDA of MSCM and ACM.

Net cash flows from investing activities

Cash flows from investing activities have increased by $208.5 million from an outflow of $234.0 million in 2008 to an outflow of $25.5 million in 2009. The decrease reflects a decrease in acquisitions in the year. In 2008 there were the acquisitions of Southern Cross, Messenger Publishing Corporation and assets from Brown Publishing Company ("Brown") and Chesapeake Publishing Corporation ("Chesapeake") and in 2009 there were no acquisitions. Additionally, cash proceeds were received in the year ended 30 June 2008 from the sale of controlled entities, including MMG's 60% share of TBC and a group of entities in Tasmania associated with radio licences.

Net cash flows from financing activities

Cash flows from financing activities have decreased by $573.5 million from an inflow of $325.4 million in 2008 to an outflow of $248.1 million in 2009. The decrease is due to MMG securing a financing facility to fund the acquisition of Brown, Chesapeake and Southern Cross in the year ended 30 June 2008 and MSCM and ACM debt prepayments in the year ended 30 June 2009.

Notes to the financial statements

1 Summary of significant accounting policies

This concise financial report relates to the consolidated entity consisting of Macquarie Media Trust ("MMT") and the entities it controlled at the end of and during the year (collectively referred to as "MMG" or "the Group"), the consolidated financial statements of Macquarie Media Holdings Limited ("MMHL") and the entities it controlled at the end of and during the year (collectively referred to as "the MMHL Group") and the consolidated financial statements of Macquarie Media International Limited ("MMIL") and the entities it controlled at the end of and during the year (collectively referred to as "the MMIL Group"). The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated in note 1 included with the full financial report.

MMG and MMHL Group are of a kind referred to in Class Order 98/100, as amended by Class Order 04/667 and Class Order 05/641, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and the financial report. Amounts in the directors' report and the financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated. The presentation currency used in the concise financial report is Australian dollars.

(a) Basis of preparation

Going concern

The financial reports have been prepared on a going concern basis.

MMG

As set out in note 21 of the full financial report, a member of the MMHL Group, Macquarie Southern Cross Media Pty Limited ("MSCM"), has external finance facilities included in current and non-current liabilities which are due to mature on 1 November 2010. Further, as set out in note 21 of the full financial report, a member of the MMIL Group, American Consolidated Media, LLC ("ACM"), has external finance facilities included in current liabilities which are due to mature on 29 June 2010. Each of MSCM's and ACM's finance facilities are secured against MSCM and ACM and their assets, respectively. There are no guarantees or security granted by MMHL, MMT or MMIL to MSCM's or ACM's external financiers. Discussions have commenced with ACM's and MSCM's financiers regarding terms for refinancing these facilities. These discussions remain at a preliminary stage and as a result, there is significant uncertainty whether new facilities or other funding will be available to MSCM and ACM to repay the facilities at or prior to their maturity and whether ACM will be able to renegotiate certain loan covenants by the next Testing Date (defined below), and therefore whether MMG will continue as a going concern. However, the directors believe that there are reasonable grounds to expect that MMG will continue as a going concern because of:

— Its available cash resources and its potential use;

— The potential to extend existing loan facilities;

— The potential to refinance existing facilities with existing or new lenders; and

— Its ability to generate operating cash flows in excess of interest obligations.

No adjustments have been made to the financial report relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if MMG does not continue as a going concern.

MMHL and the MMHL Group

As at 30 June 2009, the MMHL Group and MMHL have a deficiency of capital and reserves of $199.3 million and $67.4 million respectively (2008: $130.4 million and $11.2 million). In addition, the MMHL Group and MMHL have an excess of current liabilities over current assets of $98.1 million and $91.2 million respectively (2008: surplus of $39.6 million and deficiency of $6.0 million respectively) and have experienced negative cash flows from financing activities during the financial year ended 30 June 2009. In this regard it is noted that the MMHL Group generates positive cash flows from its operations and, as set out in note 21 of the full financial report, the MMHL Group also has access to available undrawn facilities.

Included in each of the MMHL Group's and MMHL's liabilities are amounts totalling $625.2 million (2008: $557.3 million) representing redeemable preference shares ("RPS") issued by MMHL to MMT and corresponding accrued fixed cumulative dividends payable to MMT. Excluding the RPS, the net assets of the MMHL Group at 30 June 2009 would have been $425.9 million (2008: $426.9 million) and the net assets of MMHL would have been $557.8 million (2008: $546.1 million). The terms of the RPS are such that they are not required to be redeemed until the date 17 years after their issue date provided that any redemption must be effected in accordance with the Corporations Act which provides that any such redemption must be funded out of profits or the proceeds of a new issue of shares made for the purpose of the redemption. The first such redemption date is 22 November 2022. MMHL's future cash flow forecasts as used to perform impairment testing indicate that MMHL may have insufficient funds available to repay the projected balance of the redeemable preference shares, being the principal balance and capitalised interest. However, given the period of time involved and the sensitivity of the forecast to small changes in assumptions, it is not possible at this time to reliably predict whether there will be sufficient funds generated by its principal asset, being MSCM, the financial condition of which is described below, or from asset realisations to redeem the redeemable preference shares at the redemption date.

As set out in note 21 of the full financial report, a member of the MMHL Group, MSCM, has external finance facilities included in current and non-current liabilities which are due to mature on 1 November 2010. MSCM's finance facilities are secured against MSCM and its assets. There are no guarantees or security granted by MMHL, MMT or MMIL to MSCM's external financiers. Discussions have commenced with MSCM's financiers regarding terms for refinancing these facilities. However, these discussions remain at a preliminary stage.

As a result of the above factors, there is significant uncertainty whether new facilities or other funding will be available to MSCM to repay the facilities at or prior to their maturity and therefore whether MMHL and the MMHL Group will continue as going concerns. However, the directors believe that there are reasonable grounds to expect that MMHL and the MMHL Group will continue as going concerns because of:

— The potential to extend existing loan facilities;
— The potential to refinance existing facilities with existing or new lenders;
— The potential to access additional sources of finance; and
— Their ability to generate operating cash flows in excess of interest obligations.

No adjustments have been made to the financial report relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if MMHL or the MMHL Group do not continue as going concerns.

MMIL Group

As at 30 June 2009, the MMIL Group had an excess of current liabilities over current assets of $160.4 million (2008: current assets exceeded current liabilities by $223.9 million).

As set out in note 21 of the full financial report, a member of the MMIL Group, ACM, has external finance facilities which are due to mature on 29 June 2010. These facilities contain financial and non-financial covenants which, if not met when financial information is filed with lenders at each of October 2009, November 2009, February 2010 and May 2010 (each a "Testing Date"), will result in an event of default. These borrowings have been classified as a current liability as they mature within 12 months from balance date. ACM's finance facilities are secured against ACM and its assets. There are no guarantees or security granted by MMHL, MMT or MMIL to ACM's external financiers. Discussions have commenced with ACM's financiers regarding terms for refinancing these facilities. These discussions remain at a preliminary stage and as a result, there is significant uncertainty whether new facilities or other funding will be available to ACM to repay or refinance the facilities at or prior to their maturity and whether ACM will be able to renegotiate certain loan covenants by the next Testing Date and therefore whether the MMIL Group will continue as a going concern. However, the directors believe that there are reasonable grounds to expect that the MMIL Group will continue as a going concern because of:

— The potential to meet or renegotiate certain loan covenants at or by the next Testing Date;
— The potential to extend existing loan facilities;
— The potential to refinance existing facilities with existing or new lenders; and
— Its ability to generate operating cash flows in excess of interest obligations.

No adjustments have been made to the financial report relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the MMIL Group does not continue as a going concern.

(b) Critical accounting estimates and judgment

The preparation of the financial report in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Management believes the estimates used in the preparation of the financial report are reasonable. Actual results in the future may differ from those reported.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of goodwill and intangible assets with indefinite useful lives

In accordance with the accounting policies stated in note 1(i) and 1(j) of the full financial report, the Group tests at least annually whether goodwill and intangible assets with indefinite useful lives have suffered any impairment and when there is an indication of impairment. The tests incorporate assumptions regarding future events which may or may not occur, resulting in the need for future revisions of estimates. There are also judgments involved in determination of cash generating units. Refer to note 14 of the full financial report for details of these assumptions.

(ii) Share-based payments

The Group provides incentives to certain employees via share-based payment entitlements (refer to note 26 of the full financial report). The fair value of entitlements is determined in accordance with the accounting policy in note 1(n)(ii) of the full financial report. If certain assumptions used in the fair value calculation were to change, there would be an impact on the income statement in future financial periods.

(iii) Retirement benefit assets/obligations

The asset/liability in respect of the defined benefit superannuation plan is calculated as the deficit/surplus of the fair value of the defined benefit plan assets over the present value of the defined benefit obligation. The key assumptions used in determining the retirement benefit asset/obligation are described in note 24 of the full financial report.

(iv) Income taxes

The Groups are subject to income taxes in Australia and in some of its foreign operations. Currently the Groups have tax losses available for use that have been brought to account as deferred tax assets. This is based on an assumption that the use of these losses in the foreseeable future is probable. If this assumption was to change, the corresponding tax assets may be derecognised in the Groups' balance sheets. Refer to note 4 of the full financial report for level of current tax losses not recognised.

(v) Derivative financial instruments

The fair values of over-the-counter derivatives are determined using valuation techniques adopted by the directors with assumptions that are based on market conditions existing at each balance sheet date. The fair values of interest rate swaps are calculated as the present values of the estimated future cash flows.

Notes to the financial statements

continued

2 (Loss)/Profit for the year

The operating (loss)/profit from continuing activities before income tax included the following specific items of revenue, other income and impairment charge:

Consolidated	MMG 1 Jul 08– 30 Jun 09 $'000	MMHL Group 1 Jul 08– 30 Jun 09 $'000	MMIL Group 1 Jul 08– 30 Jun 09 $'000	MMG 1 Jul 07– 30 Jun 08 $'000	MMHL Group 1 Jul 07– 30 Jun 08 $'000	MMIL Group 1 Jul 07– 30 Jun 08 $'000
Revenue from continuing operations						
Sales revenue	**524,313**	**393,483**	**130,830**	427,301	309,135	88,684
	524,313	**393,483**	**130,830**	427,301	309,135	88,684
Other revenue						
Government grant revenue	**2,230**	**2,230**	**–**	8,125	6,919	–
Interest income						
– Banks	**19,849**	**1,636**	**7,855**	6,020	3,480	725
– Related parties	**469**	**6,664**	**2,339**	369	11,781	383
Dividend income	**–**	**–**	**–**	7,300	–	–
	22,548	**10,530**	**10,194**	21,814	22,180	1,108
Total revenue	**546,861**	**404,013**	**141,024**	449,115	331,315	89,792
Other income						
Net fair value gains on financial derivatives – interest rate swaps	**–**	**–**	**–**	7,474	9,674	–
Realised gains on financial derivatives – foreign currency	**–**	**–**	**–**	2,568	–	2,568
Net fair value gains on financial derivatives – foreign currency	**–**	**–**	**–**	2,709	–	2,709
Gain on sale of commercial radio broadcast licences/non-current assets	**585**	**–**	**585**	2,935	2,935	–
Net foreign exchange gains	**46,645**	**–**	**–**	–	–	–
Other revenue	**–**	**–**	**–**	83	–	–
	47,230	**–**	**585**	15,769	12,609	5,277
Impairment of goodwill						
Impairment of goodwill (a)	**138,940**	**–**	**138,940**	–	–	–
	138,940	**–**	**138,940**	–	–	–

(a) Impairment of goodwill

The carrying amount of the United States community newspaper segment has been reduced to its recoverable amount through the recognition of impairment charges totalling A$138.9 million (US$99.5 million) against goodwill. These impairment charges arose in the regional community newspaper CGUs in the United States as a result of the unfavourable economic environment impacting current and forecast trading performance. Refer to note 14 of the full financial report for more information.

3 Dividends and distributions paid and proposed

The distributions were paid and payable as follows:

Consolidated	MMG 1 Jul 08– 30 Jun 09 $'000	MMHL Group 1 Jul 08– 30 Jun 09 $'000	MMIL Group 1 Jul 08– 30 Jun 09 $'000	MMG 1 Jul 07– 30 Jun 08 $'000	MMHL Group 1 Jul 07– 30 Jun 08 $'000	MMIL Group 1 Jul 07– 30 Jun 08 $'000
The distributions were paid/payable as follows:						
Interim distribution paid for 31 December	**9,672**	**–**	**–**	51,346	–	–
Final distribution proposed/paid for the year ended 30 June*	**6,117**	**–**	**–**	48,252	–	–
	15,789	**–**	**–**	99,598	–	–

	Cents per stapled security	Cents per share	Cents per share	Cents per stapled security	Cents per share	Cents per share
Interim distribution paid for 31 December	**4.5**	**–**	**–**	24.5	–	–
Final distribution paid/proposed for the year ended 30 June*	**3.2**	**–**	**–**	22.5	–	–
	7.7	**–**	**–**	47.0	–	–

* The final June 2009 distribution will be paid on 20 August 2009 by MMT having been declared on 17 June 2009.

The MMHL Group has $31.4 million franking credits at 30 June 2009 (2008: $17.2 million).

During the year, MMHL paid preference share dividends to MMT of $4.6 million (2008: $62.4 million). Due to the features of these preference shares, they are recorded as a liability for accounting purposes and accordingly, the dividends are treated as interest expense. Refer to note 21 in the full financial report for further details.

4 Segment information

(a) Description of segments

Business segments

The Group is organised into the following service types:

— Free to air commercial radio and television broadcasting ("Free to air broadcasting")
Consisting of the commercial radio and television broadcast licences held throughout regional Australia. This is the only segment that operates solely within the MMHL Group.

— Community newspapers
The community newspapers businesses of ACM are located in the United States of America (USA). This segment operates within the MMIL Group.

— Subscription television and broadband internet services ("Cable")
Discontinued operations which consisted of the subscription television and broadband services which are delivered over cable network in operation in Taiwan (R.O.C.). This segment operated within the MMIL Group until its sale on 12 June 2008.

Geographical segments

The Group operates in the following main geographical areas:

— Australia
The principal area of operation is the commercial radio and television broadcast business which houses the Australian regional radio and television assets of the Group. This business operates solely within the MMHL Group.

— United States of America
Consisting of the ACM business in operation in the USA. This business operates within the MMIL Group.

— Discontinued Operations – Taiwan R.O.C.
The Cable TV business of TBC is located in Taiwan R.O.C. This business operated within the MMIL Group until its sale on 12 June 2008.

Notes to the financial statements

continued

(b) Primary reporting format – business segments

The segment information provided in the tables details the business segments for MMHL Group, MMIL Group and MMG. The entire free to air broadcasting segment falls within the MMHL Group and the community newspaper segment is within the MMIL Group. The subscription television and broadband internet services discontinued segment was within the MMIL Group until its sale on 12 June 2008.

MMG 2009	Australia free to air broadcasting 1 Jul 08– 30 Jun 09 $'000	USA community newspaper 1 Jul 08– 30 Jun 09 $'000	Inter-segment eliminations/ unallocated 1 Jul 08– 30 Jun 09 $'000	Consolidated 1 Jul 08– 30 Jun 09 $'000
Segment revenue				
Segment revenue	395,713	130,830	–	526,543
Non-segment revenues				
Interest income	–	–	20,318	20,318
Total MMG revenue	395,713	130,830	20,318	546,861
Segment result				
Segment result*	16,766	(139,816)	–	(123,050)
Unallocated revenue less unallocated expenses	–	–	1,404	1,404
Profit before income tax	16,766	(139,816)	1,404	(121,646)

MMG 2008	Australia free to air broadcasting 1 Jul 07– 30 Jun 08 $'000	USA community newspaper 1 Jul 07– 30 Jun 08 $'000	Inter-segment eliminations/ unallocated 1 Jul 07– 30 Jun 08 $'000	Total continuing operations 1 Jul 07– 30 Jun 08 $'000	Taiwan R.O.C. discontinued operation cable 1 Jul 07– 30 Jun 08 $'000	Consolidated 1 Jul 07– 30 Jun 08 $'000
Segment revenue						
Segment revenue	346,741	88,684	–	435,425	209,654	645,079
Non-segment revenues						
Interest income	–	–	6,390	6,390	–	6,390
Dividend income	–	–	7,300	7,300	–	7,300
Total MMG revenue	346,741	88,684	13,690	449,115	209,654	658,769
Segment result						
Segment result*	38,623	(32)	–	38,591	99,070	137,661
Unallocated revenue less unallocated expenses	–	–	(15,346)	(15,346)	–	(15,346)
Profit before income tax	38,623	(32)	(15,346)	23,245	99,070	122,315

* Segment results refer to earnings before finance costs on related party loans, fair value adjustments on interest rate financial derivatives and tax. Included in the community newspaper segment result for the current period is a $138.9 million impairment charge.

MMG 2009	Australia free to air broadcasting 30 Jun 09 $'000	USA community newspaper 30 Jun 09 $'000	Inter-segment eliminations/ unallocated 30 Jun 09 $'000	Consolidated 30 Jun 09 $'000
Segment assets**	1,346,165	296,166	–	1,642,331
Unallocated assets	–	–	367,840	367,840
Total assets	1,346,165	296,166	367,840	2,010,171
Segment liabilities**	963,650	179,985	–	1,143,635
Unallocated liabilities	–	–	23,413	23,413
Total liabilities	963,650	179,985	23,413	1,167,048
Investments in associates and joint venture partnership	29,503	–	–	29,503
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	23,271	1,696	1,253	26,220
Depreciation and amortisation expense	20,099	10,347	1,025	31,471
Profit on sale of commercial radio broadcasting licences	–	–	–	–
Profit on sale of non-current assets	–	585	–	585
Cash flow information				
Net cash inflows from operating activities	132,936	23,688	6,823	163,447
Net cash inflows/(outflows) from investing activities	(21,494)	(1,455)	(2,520)	(25,469)
Net cash inflows/(outflows) from financing activities	(132,401)	(26,528)	(89,127)	(248,056)

MMG 2008	Australia free to air broadcasting 30 Jun 08 $'000	USA community newspaper 30 Jun 08 $'000	Inter-segment eliminations/ unallocated 30 Jun 08 $'000	Total continuing operations 30 Jun 08 $'000	Taiwan R.O.C. discontinued operation cable 30 Jun 08 $'000	Consolidated 30 Jun 08 $'000
Segment assets**	1,374,318	365,476	–	1,739,794	–	1,739,794
Unallocated assets	–	–	431,133	431,133	–	431,133
Total assets	1,374,318	365,476	431,133	2,170,927	–	2,170,927
Segment liabilities**	978,375	159,986	–	1,138,361	–	1,138,361
Unallocated liabilities	–	–	66,770	66,770	–	66,770
Total liabilities	978,375	159,986	66,770	1,205,131	–	1,205,131
Investments in associates and joint venture partnership	20,139	–	–	20,139	–	20,139
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	12,499	1,257	–	13,756	21,810	35,566
Depreciation and amortisation expense	16,179	5,109	–	21,288	27,250	48,538
Profit on sale of commercial radio broadcasting licenses	2,935	–	–	2,935	–	2,935
Cash flow information						
Net cash inflows from operating activities	95,788	19,309	1,638	116,735	110,302	227,037
Net cash inflows/(outflows) from investing activities	(694,229)	(135,637)	102,759	(727,107)	493,130	(233,977)
Net cash inflows/(outflows) from financing activities	291,894	120,562	(27,754)	384,702	(59,252)	325,450

** Segment assets/liabilities exclude deferred tax assets/liabilities and related party loans.

5 Events occurring after balance sheet date

No matters or circumstances have arisen since the end of the year that have significantly affected or may significantly affect the operations of MMG, MMHL Group, or MMIL Group, the results of these operations in future financial years or the state of affairs of those entities in periods subsequent to the year ended 30 June 2009.

Statement by the directors

Statement by the directors of the responsible entity of the Trust

On the consolidated concise financial report of Macquarie Media Trust

In the opinion of the directors of Macquarie Media Management Limited, ('the Responsible Entity'), the responsible entity of the Macquarie Media Trust ("MMT"), the consolidated concise financial report for MMT and its controlled entities ("MMG"), MMHL and its controlled entities ("the MMHL Group"), and MMIL and its controlled entities ("the MMIL Group") set out on pages 52 to 63 complies with AASB 1039 *Concise Financial Reports*.

The financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 30 June 2009.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of MMG as the full financial report which is available on request.

Signed in accordance with a resolution of the directors of Macquarie Media Management Limited in its capacity as Responsible Entity for Macquarie Media Trust.

Max Moore-Wilton
Chairman

Sydney, Australia
19 August 2009

Chris de Boer
Director

Sydney, Australia
19 August 2009

Statement by the directors of MMHL

On the consolidated concise financial report of Macquarie Media Holdings Limited

In the opinion of the directors of Macquarie Media Holdings Limited the consolidated concise financial report for MMHL and its controlled entities ("the MMHL Group") set out on pages 52 to 63 complies with AASB 1039 *Concise Financial Reports*.

The financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 30 June 2009.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the MMHL Group as the full financial report which is available on request.

Signed in accordance with a resolution of the directors of Macquarie Media Holdings Limited.

Max Moore-Wilton
Chairman

Sydney, Australia
19 August 2009

Chris de Boer
Director

Sydney, Australia
19 August 2009

Statement by the directors of MMIL

On the consolidated concise financial report of Macquarie Media International Limited

In the opinion of the directors of Macquarie Media International Limited the consolidated concise financial report for MMIL and its controlled entities ("the MMIL Group") set out on pages 52 to 63 complies with AASB 1039 *Concise Financial Reports*.

The financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 30 June 2009.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the MMIL Group as the full financial report which is available on request.

Signed in accordance with resolutions of the directors of Macquarie Media International Limited

Michael Hamer
Chairman

Hamilton, Bermuda
19 August 2009

Bob Richards
Deputy Chairman

Hamilton, Bermuda
19 August 2009

Independent auditor's report

to the unitholders of Macquarie Media Trust,
members of Macquarie Media Holdings Limited and
members of Macquarie Media International Limited

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Report on the concise financial reports

The accompanying concise financial reports of Macquarie Media Trust ('MMT'), Macquarie Media Holdings Limited ('MMHL') and Macquarie Media International Limited ('MMIL') (together 'the concise financial reports') comprise the balance sheets as at 30 June 2009, the income statements, statements of recognised income and expenses and cash flow statements for the year then ended and related notes for Macquarie Media Group ('MMG') (defined below), the MMHL Group (defined below) and the MMIL Group (defined below), derived from the audited full financial reports of MMT, MMHL and MMIL for the year ended 30 June 2009. The concise financial reports do not contain all the disclosures required by the Australian Accounting Standards.

MMG comprises both MMT and the entities it controlled at the year's end or from time to time during the financial year, including the MMHL Group and the MMIL Group. The MMHL Group comprises both MMHL and the entities it controlled at the year's end or from time to time during the financial year. The MMIL Group comprises both MMIL and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the concise financial report

The directors of Macquarie Media Management Limited ('the Responsible Entity'), the Responsible Entity of MMT, the directors of MMHL and the directors of MMIL (together 'the directors') are responsible for the preparation and presentation of the concise financial reports in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001* (not applicable for MMIL). This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial reports; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial reports based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial reports of MMT, MMHL and MMIL for the year ended 30 June 2009. Our audit reports on the financial reports for the year were signed on 19 August 2009. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures in respect of the concise financial reports included testing that the information in the concise financial reports are derived from, and are consistent with, the financial reports for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial reports for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial reports comply with Accounting Standard AASB 1039 *Concise Financial Reports*.

Our procedures include reading the other information in the Annual Reports to determine whether they contain any material inconsistencies with the concise financial reports.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independent auditor's report

to the unitholders of Macquarie Media Trust, members of Macquarie Media Holdings Limited and members of Macquarie Media International Limited continued

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinions

In our opinion, the concise financial reports of Macquarie Media Trust, Macquarie Media Holdings Limited and Macquarie Media International Limited for the year ended 30 June 2009 comply with Australian Accounting Standard AASB 1039: *Concise Financial Reports*.

Significant uncertainty regarding continuation as a going concern

Without qualification to our opinions expressed above, we draw attention to note 1(a) in the concise financial reports which indicates that there is significant uncertainty whether MMG, the MMHL Group and the MMIL Group will continue as going concerns and therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial reports.

Auditor's opinion on the remuneration report

In our opinion, the Remuneration Report of Macquarie Media Holdings Limited for the year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Wayne Andrews
Partner

Sydney
19 August 2009

Remuneration report

As noted in the corporate governance statement, MMG is an externally managed vehicle comprising an Australian trust, an Australian public company and a Bermudan exempted mutual fund company:

- Macquarie Media Trust (MMT)
- Macquarie Media Holdings Limited (MMHL)
- Macquarie Media International Limited (MMIL).

Macquarie Media Management Limited (MMML), a wholly owned subsidiary of Macquarie Group Limited (Macquarie), acts as trustee and manager of MMT and is referred to as MMT's responsible entity. MMML is also the manager of MMHL and MMIL.

Another Macquarie wholly owned subsidiary, Macquarie Diversified Asset Advisory Pty Limited (MDAA), provides asset advisory services to Macquarie Southern Cross Media Pty Limited (MSCM) under an asset advisory agreement.

MMML and MDAA make available employees (including senior executives) to discharge their obligations to the relevant MMG entity. These staff are employed by entities in the Macquarie Group and made available to MMG through formalised resourcing arrangements with MMML and MDAA. Their remuneration is not an MMG expense. It is paid by the Macquarie Group. Instead, MMG pays management fees to the Macquarie Group for providing management services. These fees are an MMG expense and are therefore disclosed below.

Under the Corporations Act, it is only Australian listed companies that are required to prepare a remuneration report. Accordingly, the remuneration report which appears in the MMHL directors' report is only for MMHL and only MMHL security holders participate in a non-binding advisory vote in respect of it. MMT, MMIL and MMG as a whole are not required to prepare a remuneration report.

However, in order to provide appropriate remuneration disclosure for MMG as a whole, we have set out below details of the management fees and non-executive director fees paid by the MMG entities, together with qualitative disclosure detailing how the MMML staff working on MMG are incentivised and their interests aligned with MMG.

Management fees

Under the terms of the MMT constitution and the management services agreements with MMHL and MMIL, MMML is entitled to base and performance fees for acting as responsible entity and manager respectively to the stapled entities which comprise MMG.

Base management and performance fees are calculated in accordance with a defined formula under the MMT constitution and management services agreements with MMHL and MMIL. The management fee structure is linked to market performance and, in the case of performance fees, ongoing outperformance against an external benchmark. The management fees paid or payable by MMG to MMML for the financial year ended 30 June 2009 were:

Base fee	A$1.3million*
Performance fee	Nil

* Including non-recoverable GST.

The fee arrangements were fully disclosed to investors on fund inception and subsequent restructure and continue to be disclosed on the MMG website and in annual reports. Investors originally invested and continue to invest with this knowledge. The structure and level of the fee arrangements are consistent with those paid in the market in respect of similar externally managed vehicles and are not subject to review. Any changes to the structure of the fee provisions which would have the effect of increasing the fees would need to be approved by MMG stapled security holders.

Base fees

The base management fee is calculated as 1.5% of the net investment value of MMG (less any base management fees payable by MMG to a manager of another Macquarie managed fund) at the end of each quarter.

For the purposes of calculating the base fee, the net investment value of MMG is determined on an enterprise value basis, being:

- MMG's volume weighted average market capitalisation over the last 15 ASX trading days of each quarter, plus
- Fund level external borrowings of MMG, plus
- Firm commitments for future investment, less
- Fund level cash or cash equivalents.

The quantum of the base fee can increase or decrease as a result of both the movement in the number of MMG securities on issue and any movement in the security price. Investors can effectively control the growth of securities on issue and therefore any base fee increases by factors such as deciding whether or not to support a capital raising involving the issue of new MMG securities.

As capital raisings are predominantly undertaken to fund new acquisitions or retire or reduce debt from new acquisitions or generally, MMML is incentivised to ensure that each new investment is seen as disciplined and value accretive by the market in order to attract investor support for the raising and general ongoing support for the security price.

Performance fees

A performance fee is calculated and payable by MMG quarterly in arrears in the event that the performance of the stapled securities exceeds 6% per annum plus the annual Australian consumer price index (CPI) change, having made up for any underperformance in previous quarters. The performance fee is 20% of the amount of the net outperformance.

Where MMG underperforms the benchmark, a fee deficit exists. Before any future performance fees can be earned, all accumulated deficits from prior periods of underperformance must be eliminated, ensuring that any performance fees are paid as a result of sustained benchmark outperformance. This requirement for sustained outperformance creates a strong alignment of interest between MMML and MMG security holders.

Fees are apportioned between MMT, MMHL and MMIL based on each entity's share of the net assets of MMG. The net market values of the assets are used in the calculation of this apportionment.

Remuneration report

continued

Oversight of fee payments

There is independent oversight in respect of the calculation and payment of management fees as follows:

- The payment of management fees (both base and performance fees) is audited as part of the annual financial statement audit and through the audit of MMT's compliance plan
- The performance fee calculation is subject to review by Mercer and MMG's auditors PricewaterhouseCoopers
- The performance fee calculation is checked by an actuarial firm, and
- MMG's independent directors review the external certifications and authorise payment of the performance fee.

Reinvestment of fees

Under MMG's constituent documents, independent directors of MMML acting in the interests of stapled security holders have the discretion as to whether or not to accept an application made by MMML for the base fee or performance fee to be applied for a subscription in new MMG stapled securities.

Under ASX Listing Rule waiver requirements, the ability to reinvest base fees and performance fees is subject to MMG security holder approval every three years and is seen by MMG as creating further alignment between MMG management and MMG security holders. These approvals were last refreshed at the MMG 2008 AGM.

The issue price for the new MMG stapled securities is the volume weighted average trading price of all MMG stapled securities traded on the ASX during the last 15 trading days of the relevant quarter.

Expense reimbursement

MMML is also entitled to be reimbursed for expenses incurred by it in relation to the proper performance of its duties out of the assets of MMG. This includes routine ongoing expenses such as the third party costs of acquiring assets and managing them, as well as capital raising costs, registry, audit, insurance, compliance costs and other expenses as set out in the MMT constitution, and the management services agreements with MMHL and MMIL.

Asset advisory fees

Asset base and asset performance fees will be payable under the asset advisory agreement between MDAA and MSCM if Macquarie Group entities cease to be the responsible entity of MMT or the manager of MMHL, or MMG securities cease to be listed on the ASX.

The asset base fee will be 1.5% per annum of the market value of MSCM calculated and payable quarterly in arrears.

The asset performance fee will be calculated and payable annually in arrears as 20% of actual return generated above a 6% per annum plus annual CPI change benchmark (compounded annually), less any asset performance fees previously paid.

The asset base fee and asset performance fee, if payable, will be payable by MSCM from its assets.

The independent directors of MMML and MMHL acting in the interests of stapled security holders have the discretion as to whether or not to accept an application made by MDAA for the asset base fee or asset performance fee to be applied for a subscription in new MMG stapled securities. The issue price for the new MMG stapled securities is the volume weighted average trading price of all MMG stapled securities traded on the ASX during the last 15 trading days of the relevant quarter.

Fees paid or payable by MMG Group entities for related party services are disclosed in the MMG financial statements.

Directors

No director of MMML is remunerated by MMG. Their director fees are paid by Macquarie Group. The independent directors of MMML each receive fees of A$42,500 per annum from MMML, a wholly owned subsidiary of Macquarie, for acting as directors. From 1 January 2009, the chairman receives a fee of A$42,500 per annum from MMML. MMML's executive directors are employed and remunerated by the Macquarie Group.

MMHL and MMIL independent and non-executive director fees are paid by MMHL and MMIL respectively. The independent directors of MMHL receive fees of A$42,500 per annum for acting as directors of MMHL. Tony Bell was also entitled to special fees of A$6,000 during the period. The independent directors of MMIL receive fees of US$35,000 per annum for acting as directors of MMIL. From 1 January 2009, Max Moore-Wilton receives a fee of A$47,500 per annum for acting as chairman of MMHL and A$50,000 per annum for acting as a director of MMIL.

The fees paid to the independent and non-executive directors of MMML, MMHL and MMIL are determined by reference to current market rates for directorships. The level of fees is not related to the performance of MMG. The boards of MMML, MMHL and MMIL will consider remuneration payable to their independent and non-executive directors from time to time. Remuneration for the independent and non-executive directors is approved by the boards and any increases are benchmarked to market based on external advice. Under the MMIL bye-laws, aggregate director fees (other than for managing or executive directors) are capped at US$350,000 and under the MMHL constitution, aggregate director fees are capped at A$400,000. Any increase to these caps requires shareholder approval.

None of the MMML, MMHL or MMIL independent or non-executive directors are entitled to MMG options or securities or to retirement benefits as part of their remuneration package.

Executives

MMG management is employed by the Macquarie Group. Their remuneration is paid by Macquarie Group and is not re-charged to MMG. The remuneration of Macquarie executives that are involved in the management of MMG is not disclosed because the executives are not employed by MMG and their employment costs are borne by Macquarie Group.

While MMG management are Macquarie Group employees, there is a strong alignment of interest between those employees and MMG investors. This is evidenced by Macquarie Group's remuneration system which ensures that a significant amount of remuneration is at risk and solely dependent on performance. The remuneration package of all Macquarie Group executives consists of a base salary and an annual profit share allocation. The base salary is reviewed annually and the profit share allocation, which is not guaranteed, is based on performance. MMG management may have also received Macquarie options in the past as part of their remuneration package.

Performance assessment of Macquarie Group employees takes place half yearly. The MMML, MMHL and MMIL boards, which comprise a majority of independent and non-executive directors, provide feedback in respect of the MMG CEO's and CFO's performance and can request that they be replaced if not performing satisfactorily.

The levels of base salary for senior executives take into consideration the role of the individual and market conditions. However, the levels of base salary can be low compared to similar roles in other businesses.

The profit share allocations to executives provide substantial incentives for superior performance but low or no participation for less satisfactory outcomes. Profit share allocations are therefore highly variable and can comprise a high proportion of total remuneration in the case of superior performance. The level of profit share received by members of the MMG management team is driven predominantly by their individual contribution to the performance of MMG, taking into account the following elements:

— Operational performance of MMG's underlying assets
— Management and leadership of MMG and the assets controlled by MMG
— Acquisitions and subsequent management of the assets purchased to ensure performance is in line with the acquisition business plans
— Effective risk management and capital management
— Maintenance of Macquarie's reputation and track record in respect of its branded funds.

There is no formulaic approach to determining MMG management's profit share allocation. It is completely discretionary and takes into account factors outlined above, as well as input from the MMML, MMHL and MMIL boards in the case of the MMG CEO and CFO.

Alignment of interests
Further to the remuneration matters discussed above, alignment between MMG security holders and Mark Dorney, the CEO of MMG, and any other senior members of the MMG management team at Macquarie Executive Director level, is reflected in their profit share arrangements. In the past, in accordance with the profit share arrangements applicable to Macquarie Executive Directors, 20 percent of the profit share amounts each year for these staff is withheld and subject to restrictions. These amounts vest between five and ten years.

In order to align the interests of MMG management with security holders, the retained profit share amounts of the CEO and any other Macquarie Executive Directors in the MMG management team have since 2007 been notionally invested by Macquarie in MMG securities so that returns on these amounts are based on the MMG security price performance. The investment is described as 'notional' because these staff do not directly hold securities in relation to this investment. However, the value of the retained amounts varies as if these amounts were directly invested in MMG securities.

In March 2009, Macquarie announced proposed changes to the remuneration arrangements of Executive Directors, with profit share retention increasing from 20 percent to 50 percent and to be retained in the form of fully paid ordinary Macquarie shares and Macquarie managed fund equity.

Subsequent to this, the Federal Government released proposed legislation concerning executive termination benefits and announced proposed changes to the taxation of employee share schemes. Once the legislation has been finalised and passed, Macquarie will make a determination of its impact on the proposed changes to remuneration arrangements and a decision will be made at that time as to whether any modification is required.

In light of the above, 2009 profit share retention amounts for the CEO and any other Executive Directors working on MMG are currently held in cash and are not notionally invested in MMG securities.

Alignment between Macquarie and MMG security holders is also demonstrated through the interest the Macquarie Group holds in MMG. At 19 August 2009, the Macquarie Group held approximately A$67.5 million* in MMG securities, including those securities which have been acquired as part of the issue of MMG securities for the reinvestment of performance fees (as discussed above).

MMG senior staff and directors of the MMG entities also held approximately A$4.1 million** in MMG securities at 19 August 2009.

* Based on the closing price of MMG securities on 19 August 2009. Includes both principal and fiduciary holdings.

** Based on the closing price of MMG securities on 19 August 2009.

Stapled security holder information

at 19 August 2009

Distribution of stapled securities

Investor ranges	Holders	Total stapled securities	% of issued stapled securities
1–1,000	862	584,917	0.31
1,001–5,000	3,503	10,054,336	5.31
5,001–10,000	1,181	9,016,489	4.76
10,001–100,000	780	18,765,351	9.91
100,001 and over	67	150,988,037	79.71
Total	**6,393**	**189,409,130**	**100.00**
Investors with less than the minimum marketable parcel:	228	37,349	

Twenty largest investors

Investor	Number of stapled securities	% of issued stapled securities
1 Macquarie Media Management Limited	42,252,123	22.31
2 HSBC Custody Nominees (Australia) Limited	19,603,974	10.35
3 ANZ Nominees Limited	11,384,829	6.01
4 J P Morgan Nominees Australia Limited	8,450,452	4.46
5 Brispot Nominees Pty Ltd	8,167,841	4.31
6 National Nominees Limited	7,579,441	4.00
7 Pan Australian Nominees Pty Limited	6,194,356	3.27
8 Credit Suisse Securities (Europe) Ltd	6,000,000	3.17
9 Neweconomy Com Au Nominees Pty Limited	3,977,903	2.10
10 Peta Nominees Pty Limited	3,977,421	2.10
11 Citicorp Nominees Pty Limited	3,427,761	1.81
12 Macquarie Media Management Limited*	3,161,330	1.67
13 HSBC Custody Nominees (Australia) Limited – GSCO ECA	2,685,503	1.42
14 Mr Nicholas Moore	2,531,935	1.34
15 Argo Investments Limited	1,680,211	0.89
16 Macquarie Capital Group Ltd	1,560,099	0.82
17 Queensland Investment Corporation	1,439,078	0.76
18 Smallco Investment Manager Ltd	1,291,383	0.68
19 Macquarie Investment Management Ltd	1,212,043	0.64
20 Mr Mark Andrew Dorney	980,030	0.52
Total for top 20	**137,557,713**	**72.62**

* Re-invested performance fees and securities acquired under the DRP.

Details of the relevant interests of substantial stapled security holders

Investor	Number of stapled securities*	% of issued stapled securities
Macquarie Group Limited	50,423,623	26.62
JP Morgan Chase & Co	14,156,240	7.47
UBS Nominees Pty Ltd	10,388,005	5.48

* Based on latest substantial holding notices received by MMG at 19 August 2009.

Unquoted securities
MMHL has on issue 519,231,397 redeemable preference shares (RPS) issued to MMT on the terms and conditions set out in Schedule 1 of the MMHL constitution and note 16 of the full financial report for the year ended 30 June 2009. The RPS do not attract voting rights in MMHL and MMT is entitled to a fixed cumulative dividend at a rate of 13% per annum on the capital paid up on the RPS.

MMHL and MMIL have each issued one A Special Share and one B Special Share to MMML on the terms and conditions set out in Principle 2 of the corporate governance statement.

Special notice

Special notice

Macquarie Media Group (MMG) comprises Macquarie Media Trust (ARSN 116 151 467) (MMT), Macquarie Media Holdings Limited (ACN 116 024 536) (MMHL) and Macquarie Media International Limited (ARBN 118 577 423) (MMIL).

Macquarie Media Management Limited (ACN 115 524 019) (AFS Licence No. 292297) (MMML) is the responsible entity of MMT and manager of both MMHL and MMIL and is a wholly owned subsidiary of Macquarie Group Limited (ACN 122 169 279).

Stapling

In accordance with its requirements in respect of stapled securities, the ASX reserves the right to remove MMT, MMHL or MMIL or any of them from the official list of ASX if any of the securities of these entities cease to be stapled together or one of the entities issues securities (other than the A Special Shares and the B Special Shares issued by each of MMHL and MMIL and any redeemable preference shares issued by MMHL or MMIL) which are not then stapled to the relevant securities in the other entities.

Takeover provisions

Unlike MMHL and MMT, MMIL is not subject to chapters 6, 6A, 6B and 6C of the Corporations Act (being the chapters which deal with takeovers, compulsory acquisitions and buy-outs, rights and liabilities in relation to these matters and substantial holding information). Bermuda company law does not currently have a public takeover code, which effectively means that by virtue of the stapling arrangements, a takeover of MMG would be regulated under Australian takeover law. Notwithstanding this, s102 and s103 of the Companies Act 1981 of Bermuda permit (subject to requirements of each of the sections being met) compulsory acquisition in certain circumstances where the controlling shareholder owns 90% and 95% of the shares of the target.

Ownership restrictions

The holding of stapled securities in MMG may be subject to certain ownership limitations required by the Broadcasting Services Act 1992 (Cth) and set out in the constitutions of MMHL, MMT and MMIL. Those limitations include, in certain circumstances, the requirement to give statutory declarations as to the ownership of stapled securities or details of other media assets held by stapled security holders and the requirement to compulsorily divest stapled securities. MMG's registrar, Computershare, will provide relevant terms and conditions on request.

MMML manager fees

MMML, as responsible entity of MMT and manager of both MMHL and MMIL, is entitled to fees for so acting. Macquarie Group Limited and its related bodies corporate (including MMML) together with their officers and directors and officers and directors of MMHL and MMIL, may hold stapled securities in MMG from time to time.

Financial report

The concise financial report contained in this annual report has been derived from the full financial report for the year ended 30 June 2009. The full financial report and auditor's report are available on the MMG website at www.macquarie.com.au/mmg and will be sent to security holders on request, free of charge. Please call Computershare on 1300 766 272 and a copy will be forwarded to you.

Complaints handling

A formal complaints handling procedure is in place for MMG. MMML is a member of the Financial Ombudsman Service. Complaints should in the first instance be directed to the responsible entity. If you have any enquiries or complaints, please contact:

The Investor Relations Manager
Macquarie Media Group
GPO Box 4294
Sydney NSW 1164

MMG's ongoing commitment to your privacy

We understand the importance you place on your privacy and are committed to protecting and maintaining the confidentiality of the personal information you provide to us. MMG has adopted the Macquarie Group privacy policy. For further information, visit the MMG website at www.macquarie.com.au/mmg.

Disclaimer

The information in this annual report is given in good faith and derived from sources believed to be accurate at this date but no warranty of accuracy or reliability is given and no responsibility arising in any other way including by reason of negligence for errors or omissions is accepted by Macquarie Media Holdings Limited, Macquarie Media International Limited or Macquarie Media Management Limited or their respective officers, or any part of the Macquarie Group.

This annual report is general advice and does not take into account the particular investment objectives, financial situation or particular needs of the investor. Before making an investment in MMG, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Cth). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited (ABN 46 008 583 542) (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

Corporate directory

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Email mmg@macquarie.com.au

For MMG video links go to:
www.macquariedigital.com.au

Macquarie Media Management Limited (MMML)
Directors
Max Moore-Wilton (Chairman)
Tony Bell
Chris de Boer
Michael Carapiet
Leon Pasternak
John Roberts (alternate to Max Moore-Wilton and Michael Carapiet)

Secretaries
Dennis Leong
Sally Webb
Christine Williams

Macquarie Media Holdings Limited (MMHL)
Directors
Max Moore-Wilton (Chairman)
Tony Bell
Chris de Boer
Leon Pasternak
Michael Carapiet (alternate to Max Moore-Wilton)
John Roberts (alternate to Max Moore-Wilton)

Secretaries
Sally Webb
Christine Williams

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Telephone +1 441 295 8282
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Michael Hamer (Chairman)
Max Moore-Wilton
E. Michael Leverock
Bob Richards (Deputy Chairman)
Michael Carapiet (alternate to Max Moore-Wilton)
John Roberts (alternate to Max Moore-Wilton)

Secretary
Lynniece L. Robinson
ISIS Fund Services Ltd. (Assistant Company Secretary)

Registry
Computershare Investor Services Pty Limited
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Annual financial report
A copy of the MMG annual financial report for the period ended 30 June 2009 is available on the MMG website: www.macquarie.com/mmg

www.macquarie.com/mmg