MACQUARIE MEDIA GROUP™
INTERIM REPORT FOR THE PERIOD ENDED 31 DECEMBER 2008

MACQUARIE

Chairman's Letter

The six months to 31 December 2008 have been challenging for media companies across the globe and Macquarie Media Group™[1] (MMG) has not been immune to these challenges. MMG's media businesses have continued to deliver sound earnings notwithstanding difficult advertising conditions in the US and Australia. However, the MMG security price has been affected by this environment of unprecedented equity market volatility.

In light of MMG's substantial cash holdings and this security price performance, the MMG boards undertook a comprehensive review of capital management options during the period. The outcomes of this review, announced in December 2008, included the revision of the distribution policy, the retention of cash on hand to ensure maximum balance sheet flexibility, and a buyback of MMG securities.

We are confident that the steps outlined in December will position MMG with the right capital structure and balance sheet through the economic cycle, supporting its long-term growth.

Capital management initiatives

Our announcement of a buyback demonstrates our belief in the value of our media businesses. MMG commenced an on-market buyback of up to 10% of its securities in January 2009 and recently issued a notice of meeting calling an extraordinary general meeting to approve an additional buyback of up to $50 million of MMG securities.

We are aware of the significant value MMG security holders place on distributions. However, a decision was made to revise the distribution policy which allows MMG to fund the buyback and build further cash on balance sheet. A distribution for the period of 4.5 cents was announced on 17 December 2008 and paid on 17 February 2009.

Retaining the majority of operating cash flows and the $324 million cash on hand will provide MMG with appropriate flexibility for potential future refinancing of debt facilities and other capital management initiatives.

Finally, given that the outlook for the overall US economy has changed since the acquisition of American Consolidated Media (ACM), MMG has decided to use ACM's current and future cash earnings to pay down its existing business level debt. We have also taken a non-cash impairment charge of A$127.1 million on the carrying value of MMG's investment in the business.

Financial highlights

Performance has been solid across the group, despite current advertising conditions, demonstrating the resilience of MMG's regional media markets.

On a proportionate like-for-like basis, media operations revenue decreased by 5.4% and EBITDA decreased by 10.7% across the group, reflecting the broader challenging advertising markets. The Australian business, which accounts for 84% of MMG's operational EBITDA, benefited from its exposure to local advertising in regional Australia, which is less volatile than metropolitan advertising.

Outlook

MMG's boards and management continue to implement the capital management initiatives announced in December 2008, and remain confident of positioning MMG with an efficient capital structure and a solid balance sheet for the future.

Despite forecasts of a difficult advertising market in 2009, our assets remain well diversified and we are actively looking at revenue optimisation and cost realignment initiatives.

MMG is committed to implementing these new initiatives and to growing the business for the long term for the benefit of our security holders. On behalf of MMG's boards and management, I would like to thank you for your ongoing support.

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

1. A trademark of Macquarie Bank Limited.

Chief Executive Officer's Report

As the Chairman noted in his report, the half-year period to 31 December 2008 has been a demanding one for all media companies. Despite this, MMG's regionally focused media businesses have weathered the challenges well and have reported solid results for the six months. Our results benefit from the strong focus of our radio, television and community newspaper businesses linking local, as well as national, advertisers to their customers who comprise our listeners, viewers and readers in these local communities.

In Australia, we have successfully combined our Australian radio operations with the free-to-air television operations acquired through Southern Cross Broadcasting and have developed integrated advertising creative solutions across both radio and television for our advertisers. The position of our Australian business as the only significant cross-media advertising platform across radio and television provides us with a unique competitive advantage in serving advertising clients in regional Australia.

In the US, advertising conditions have been especially challenging, and our focus has been on identifying both revenue improvement and cost-saving opportunities and positioning the business for 2009.

Operational highlights

MSCM

The integration of the Macquarie Southern Cross Media (MSCM) businesses has proceeded well and we will deliver $9 million in annualised synergies this financial year from the combination of the television and radio businesses. These synergies have gone some way toward ameliorating the adverse effects of the current revenue environment on the bottom line performance of the business.

Our strong local franchises across multiple regional markets, the ability to offer our advertisers an integrated radio and television campaign and our flexible cost base leave MSCM well placed in the current environment. Taking into account the more demanding external environment and the effect of one-off factors, such as the higher revenue levels in the previous December half driven by advertising associated with the Federal election and the adverse impact of the Beijing Olympic Games in August 2008, MSCM has performed soundly for the six months to 31 December 2008.

ACM

As noted by the Chairman, the boards have decided to use ACM's current and future cash earnings to pay down its existing business level debt and MMG has decided to take a non-cash impairment charge of A$127.1 million on the carrying value of this business. This is a prudent position for ACM as it continues to face and respond to a challenging external environment.

Capital management and credit markets

The past six months have seen continued volatility in both equity and credit markets. MMG is well placed to manage these volatile market conditions given its substantial holdings of fund level cash realised from the sale of Taiwan Broadband Communications in June 2008.

All of MMG's asset level debt facilities were arranged prior to the recent declines in credit market conditions and MMG has no refinancings due until June 2010 for ACM and November 2010 for MSCM. In addition, MMG has entered into hedging agreements to fix at least 85% of the borrowing costs of its debt. Consequently, MMG has committed, long-term and appropriately hedged financing facilities in place as we look forward to the coming year.

Outlook

MMG management continues to remain confident of its underlying businesses in the short, medium and long term and is well placed to emerge stronger as and when the current economic cycle turns. In 2009 we will continue to focus on cost control and revenue optimisation initiatives.

I would like to thank security holders, staff, advertisers and listeners for their loyalty and support in the last six months.

Mark Dorney
CEO
Macquarie Media Group

Macquarie Southern Cross Media

Macquarie Southern Cross Media comprises 84% of MMG's operating income

MSCM performance

Over the six-month period to 31 December 2008, MSCM continued to perform soundly in the context of Australia's slowing macro-economic conditions which have affected national and, more recently, local advertising sales. MMG believes this demonstrates the resilience of MSCM's regional media markets.

The business's larger Network Ten affiliated regional television stations were adversely affected by the Beijing Olympic Games being broadcast on a rival network in August 2008, and higher one-off revenue levels in the prior corresponding period (pcp), including government licence fee rebates.

Revenue decreased 5.6% on pcp, while EBITDA decreased 8.0% on pcp on a like-for-like basis, reducing the EBITDA margin from 34.1% to 33.2%.

Business initiatives

Over the period, MSCM implemented innovative outbound sales initiatives, targeting existing and potential clients of both radio and television.

Based on the latest survey ratings results, MSCM Radio maintained its number one and number two ratings positions in its largest markets in the Gold Coast, Central Coast and Newcastle. MSCM Television will continue to focus on executing unique business advancement initiatives to grow market share.

MSCM expects to be digital-ready across the television network by the end of FY09, with digital reach to over 90% of households in MSCM's markets.

As part of MSCM's plan to provide differential commercial content and programming in its new high definition program stream, Southern Cross Ten stations will carry Network Ten's 24-hour, free-to-air high definition sports channel "ONE", with no change to their commercial terms with Network Ten.

Outlook

The continued slowdown in economic activity in Australia is expected to flow through to local advertising revenues in the second half of FY09. National advertising revenues remain challenging, and MSCM management continues to maintain ongoing cost discipline and undertake further revenue initiatives.

American Consolidated Media

American Consolidated Media comprises 16% of MMG's operating income

ACM performance

As expected, all United States media businesses have been adversely affected by very 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. Stable circulation revenues, solid growth in online advertising and new revenues in commercial printing have helped to partially offset the impact on overall ACM revenues.

However, revenue and EBITDA have decreased 4.9% and 22.3% respectively on pcp, with the EBITDA margin decreasing 4.5% points to 20.4%. ACM has been affected by higher fuel and newsprint prices and an overall lower level of display and classified transactions over the half year.

Business initiatives

In response to this challenging economic environment, ACM management has continued to focus on optimising operational performance through rigorous ongoing cost management and new revenue initiatives, such as the cross-pollination of innovative sales strategies between publications, to adapt to external market pressures and to add support to operational earnings.

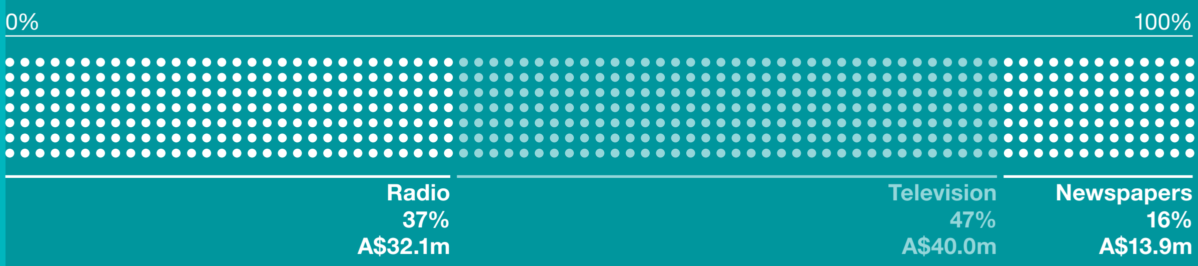
ACM also appointed Randy Cope as its new chief executive in October. Mr Cope has approximately 20 years of operational and managerial experience in the community newspaper sector.

Outlook

The full year impact of cost reduction initiatives, together with signs of stabilisation and more recent easing in fuel pricing and newsprint pricing, will support ACM's earnings in FY09.

Financial highlights

EBITDA composition by media, 1 July to 31 December 2008



MMG operating performance summary

A$m	1 July to 31 December 2008	1 July to 31 December 2007
Media assets revenue	284.8	242.0
Total media assets EBITDA	85.9	99.5
Proportionate earnings	43.8	52.8
Proportionate earnings per security	**20.4 cents**	**25.2 cents**
Distribution per stapled security	4.5 cents	24.5 cents

The above information is derived from the unaudited management information report for the half year ended 31 December 2008.

MMG financial position summary

A$m	31 December 2008	30 June 2008
Cash assets	354.6	453.8
Receivables	109.8	100.8
Equity accounted investment in joint ventures	20.3	20.1
Property, plant and equipment	190.0	177.0
Intangible assets	1,370.5	1,389.4
Other assets	16.8	29.8
Total assets	**2,062.0**	**2,170.9**
Payables	53.8	67.8
Distributions payable	9.7	48.3
Provisions	14.3	14.3
Borrowings	1,053.5	1,057.2
Other liabilities	75.4	17.5
Total liabilities	**1,206.7**	**1,205.1**
Net assets	**855.3**	**965.8**

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Disclaimer

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This interim 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 (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.

Ownership restrictions
The holding of stapled securities in MMG may be subject to certain ownership limitations required by the B*roadcasting Services Act 1992 (Cth)* and set out in the constitutions of MMHL, Macquarie Media Trust 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.

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/mmg