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This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by Macquarie Media Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Australian Securities Exchange Limited.

## DIRECTORS REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2016

Your Directors submit their report on the consolidated entity (referred to hereinafter as the 'Group' or the 'consolidated entity') consisting of Macquarie Media Limited ('MML') and the entities it controlled at the end of, or during, the half year ended 31 December 2016.

### DIRECTORS

The following persons were Directors of Macquarie Media Limited during the whole of the half year and up to the date of this report:

- Russell Tate
- Gregory Hywood
- James Millar AM
- Louise McCann
- Monique Marks

### REVIEW OF OPERATIONS

For the half year ended 31 December 2016, the Group reported a profit after tax of \$7.204m (2015: \$6.618m).

The Group's revenue has increased by 1.7% from \$66.833m to \$67.967m.

The Group's expenditure has increased by 1.3% from \$56.440m to \$57.198m.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration has been received and is set out on page 3.

### ROUNDING OF AMOUNTS TO THE NEAREST THOUSAND DOLLARS

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

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001. This report is made in accordance with a resolution of Directors.



Russell Tate  
Chairman

Dated this 9th day of February 2017

## Auditor's Independence Declaration to the Directors of Macquarie Media Limited

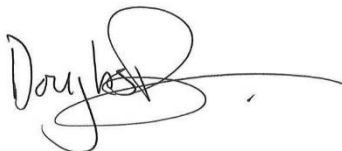
As lead auditor for the review of Macquarie Media Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Macquarie Media Limited and the entities it controlled during the financial period.



Ernst & Young



Douglas Bain  
Partner  
9 February 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

		31 December	
		2016	2015
	Notes	\$'000	\$'000
Revenue		67,967	66,833
Other Income		780	452
Employee benefits		38,387	36,604
Depreciation and amortisation		1,466	1,227
Legal, professional and consulting		474	719
Rent		2,259	2,408
Royalties, licences and commissions		2,093	3,350
Programming content		4,585	4,259
Utilities and telephone		1,050	1,091
Insurances		432	460
Share of net (profits)/losses of associates		(78)	15
Redundancy and restructuring costs		697	92
Marketing and promotion		845	1,079
Other		4,156	4,269
Finance costs		832	867
Profit before tax		11,549	10,845
Income tax expense		3,484	3,382
Profit for the half year from continuing operations		8,065	7,463
Discontinued Operations			
Loss for the half year from discontinued operations	3	861	845
Profit for the half year	5	7,204	6,618
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Profit/(Loss) on available-for-sale financial assets		972	(161)
Income tax relating to these items		(292)	47
Total comprehensive income for the half year		7,884	6,504
Earnings per share			
Basic earnings per share (cents per share)	10	4.21	3.87
Diluted earnings per share (cents per share)	10	4.21	3.87
Earnings per share from continuing operations			
Basic earnings per share (cents per share)	10	4.72	4.36
Diluted earnings per share (cents per share)	10	4.72	4.36

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016

		31 Dec 2016 \$'000	30 June 2016 \$'000
	Note		
CURRENT ASSETS			
Cash and cash equivalents		12,224	16,606
Trade and other receivables		26,363	28,130
Assets held for sale		5,698	4,686
Inventories		71	84
Other assets		2,841	2,020
TOTAL CURRENT ASSETS		<u>47,197</u>	<u>51,526</u>
NON-CURRENT ASSETS			
Other receivables		485	707
Investments accounted for using the equity method		1,373	1,295
Available for sale financial assets		2,512	1,540
Property, plant and equipment	8	21,696	20,834
Radio licences		108,066	108,066
Other intangible assets		64,371	64,207
Other assets		288	319
TOTAL NON-CURRENT ASSETS		<u>198,791</u>	<u>196,968</u>
TOTAL ASSETS		<u>245,988</u>	<u>248,494</u>
CURRENT LIABILITIES			
Trade and other payables		11,837	20,444
Deferred tax liability		2,168	1,511
Current tax liabilities		2,245	1,382
Liabilities directly associated with held for sale assets		309	456
Provisions		8,095	8,157
TOTAL CURRENT LIABILITIES		<u>24,654</u>	<u>31,950</u>
NON-CURRENT LIABILITIES			
Borrowings		40,791	40,791
Other payables		377	287
Provisions		1,118	882
TOTAL NON-CURRENT LIABILITIES		<u>42,286</u>	<u>41,960</u>
TOTAL LIABILITIES		<u>66,940</u>	<u>73,910</u>
NET ASSETS		<u>179,048</u>	<u>174,584</u>
EQUITY			
Issued capital		85,587	85,587
Reserves	4	752	72
Retained earnings	5	92,709	88,925
TOTAL EQUITY		<u>179,048</u>	<u>174,584</u>

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Share Capital	Asset Revaluation Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015	85,587	582	79,027	165,196
Profit for the half year	-	-	6,618	6,618
Other comprehensive income	-	(114)	-	(114)
Total comprehensive income for the half year	-	(114)	6,618	6,504
Balance at 31 December 2015	<u>85,587</u>	<u>468</u>	<u>85,645</u>	<u>171,700</u>
Balance at 1 July 2016	85,587	72	88,925	174,584
Profit for the half year	-	-	7,204	7,204
Other comprehensive income	-	680	-	680
Total comprehensive income for the half year	-	680	7,204	7,884
Payment of dividends	-	-	(3,420)	(3,420)
Balance at 31 December 2016	<u>85,587</u>	<u>752</u>	<u>92,709</u>	<u>179,048</u>

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASHFLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 Dec 2016 \$'000	31 Dec 2015 \$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	78,955	77,165
Payments to suppliers & employees (inclusive of GST)	(73,326)	(61,118)
Interest received	12	16
Dividends received	85	85
Royalties received	425	39
Borrowing costs	(836)	(875)
Income taxes paid	(2,229)	(2,157)
Net cash provided by operating activities	3,086	13,155
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(3,705)	(3,481)
Payment for intangibles	(281)	-
Proceeds from sale of investments	-	2,300
Net cash used in investing activities	(3,986)	(1,181)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	1,400
Dividends paid	(3,420)	-
Net cash (used)/provided by in financing activities	(3,420)	1,400
Net (decrease)/increase in cash held	(4,320)	13,374
Cash at beginning of the half year	16,606	1,357
Reclassification to held for sale	(62)	(212)
Cash at the end of the half year	12,224	14,519

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Significant accounting policies

#### a. Statement of compliance

The financial report for the half year ended 31 December 2016 is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent Annual Financial Report.

#### b. Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that Corporations Instrument amounts in the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies adopted in the preparation of the half year financial report are consistent with those adopted in the preparation of the annual financial report, except the following accounting standards, which are applicable to the Group for the first time during the current period;

- AASB 1057 *Application of Australian Accounting Standards*
- AASB 2014-4 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*

The adoption of these standards did not have a significant impact on the Group's financial results, balance sheet or disclosures.

### 2. Significant items

The following significant items are items of income or expense which are, either individually or in aggregate, material to the Company and are part of the ordinary activities of the business but are unusual due to their size or nature.

	31 Dec 2016 \$'000	31 Dec 2015 \$'000
Retrospective ACMA licence fee reduction for the year ended 30 June 2016	941	-
Redundancy and restructuring costs	(697)	(92)
	<u>244</u>	<u>(92)</u>



### 3. Discontinued operations

#### 3.1. Plan to dispose of Radio 2CH Pty Limited

On 19 December 2016 the Group entered into an agreement to sell Radio 2CH Pty Limited to an 85.5% held subsidiary of Oceania Capital Partners. The sale of 2CH was completed on 19 January 2017 following approval from the Foreign Investment Review Board (FIRB). Consistent with the treatment at 31 December 2015 and 30 June 2016, the assets and liabilities of 2CH have been presented as held for sale at 31 December 2016. An analysis of the fair value of 2CH net assets to the expected net proceeds of \$5.110m (\$5.560m consideration less costs to sell of \$0.450m), results in an impairment charge of \$0.865m.

#### 3.2. Analysis of profit or loss for the half year ended from discontinued operations

The following businesses were classified as discontinued operations during the half year:

- On 19 January 2017 the Group completed the sale of Radio 2CH Pty Limited as detailed in note 3.1 above
- In the prior year, on 30 October 2015, the Group completed the sale of its eight regional Queensland radio stations Macquarie Regional Radio Pty Ltd for proceeds of \$2.3 million.

The discontinued results for the period ended 31 December 2016 include the operations of Radio 2CH Pty Ltd. For the half year ended 31 December 2015, the operations of Macquarie Regional Radio Pty Ltd until 30 October 2015 and Radio 2CH Pty Ltd for the full six months were classified as discontinued.

	31 Dec 2016 \$'000	31 Dec 2015 \$'000
Revenue	903	1,694
Expenses	1,246	2,689
Impairment	865	-
Loss on sale	-	133
(Loss)/Profit before tax	(1,208)	(1,128)
Taxation	347	283
(Loss)/Profit for the half year from discontinued operations	<u>(861)</u>	<u>(845)</u>

#### Cash flows from discontinued operations

Net cash inflows/(outflows) from operating activities	62	(236)
Net cash inflows/(outflows) from investing activities	-	175
Net cash inflows/(outflows) from financing activities	-	-
Net cash inflow/(outflow)	<u>62</u>	<u>(61)</u>

### 4. Reserves

	31 Dec 2016 \$'000	31 Dec 2015 \$'000
Asset revaluation reserve		
Balance at the beginning of the period (30 June)	72	582
Movement for the half year	680	(114)
Balance at the end of the financial half year	<u>752</u>	<u>468</u>

## 5. Retained earnings

	31 Dec 2016 \$'000	31 Dec 2015 \$'000
Balance at the beginning of the period (30 June)	88,925	79,027
Net profit for the half year	7,204	6,618
Dividends	(3,420)	-
Balance at the end of the half year	<u>92,709</u>	<u>85,645</u>

## 6. Secured liabilities

The bank facility of \$40,791,209 (30 June 2016: \$40,791,209) is secured by a Cross Deed of Covenant between Macquarie Media Limited and its controlled entities including;

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

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

	31 Dec 2016 \$'000	30 June 2016 \$'000
The carrying amount of assets pledged as security is as follows:		
Total current assets	47,197	51,526
Total non-current assets	<u>198,791</u>	<u>196,968</u>
Total assets	<u>245,988</u>	<u>248,494</u>

On 6 December 2016 an additional facility of \$9 million was agreed on a 12 month revolving basis.

## 7. Segment information

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

## 8. Property, plant and equipment

Capital additions of \$3.7 million (2016: \$5.2 million) have been made during the half year, of which \$1.6 million is classified within Assets Held for Sale.

## 9. Financial instruments

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

### 8.1 The Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

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

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 Dec 2016 \$'000	30 June 2016 \$'000				
Equity securities	2,512	1,540	Level 1	Quoted bid prices in an active market	N/A	N/A

### 8.2 Fair value

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

	Fair value hierarchy	31 Dec 2016 \$'000	30 June 2016 \$'000
<b>Assets</b>			
Available-for-sale financial assets	Level 1	2,512	1,540
Assets held for sale	Level 2	5,698	4,686
<b>Liabilities</b>			
Liabilities directly associated with held for sale assets	Level 2	309	456
Borrowings	Level 2	40,791	40,791

## 10. Earnings per Share

	31 Dec 2016 Cents per share	31 Dec 2015 Cents per share
a) Basic earnings per share (cents per share)		
Net profit attributable to owners of the parent	4.21	3.87
Net profit from continuing operations attributable to owners of the parent	4.72	4.36
b) Diluted earnings per share (cents per share)		
Net profit attributable to owners of the parent	4.21	3.87
Net profit from continuing operations attributable to owners of the parent	4.72	4.36
	<u>\$'000</u>	<u>\$'000</u>
c) Reconciliation of earning used in calculating earnings per share		
Basic earnings per share		
Net profit attributable to owners of the parent	7,204	6,618
Net profit from continuing operations attributable to owners of the parent	8,065	7,463
Diluted earnings per share		
Net profit attributable to owners of the parent	7,204	6,618
Net profit from continuing operations attributable to owners of the parent	8,065	7,463
	<u>No. of shares</u>	<u>No. of shares</u>
d) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>171,002,774</u>	<u>171,002,774</u>
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<u>171,002,774</u>	<u>171,002,774</u>
11. Dividends		
Interim dividend declared	<u>5,130,083</u>	<u>3,420,055</u>

A fully franked interim dividend of \$0.03 per share was declared subsequent to the half year ended 31 December 2016.

Record date for determining entitlements to the interim dividend is 16 February 2017 (2016: 25 February 2016)

## 12. Related party transactions

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

		Sales to related parties	Purchases from related parties	Amount owed by related parties	Amount owed to related parties
		\$'000	\$'000	\$'000	\$'000
Ultimate Parent	31 Dec 2016	1	259	669	-
	31 Dec 2015	6	311	-	362
Associate	31 Dec 2016	-	281	86	441
	31 Dec 2015	-	353	132	419
Joint Venture	31 Dec 2016	-	113	1,107	-
	31 Dec 2015	-	119	842	-
Other Related Entities	31 Dec 2016	314	459	237	-
	31 Dec 2015	38	455	37	-
Total transactions	31 Dec 2016	315	1,112	2,099	441
	31 Dec 2015	44	1,238	1,011	781

## 13. Subsequent events

On 19 January 2017 the sale of Radio 2CH Pty was finalised following Foreign Investment Review Board approval.

## DIRECTORS' DECLARATION

The Directors of Macquarie Media Limited declare that:

- (a) In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) In the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors,



Russell Tate

Chairman

Sydney, 9<sup>th</sup> February 2017

## Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Macquarie Media Limited, which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

### Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Macquarie Media Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

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

### Conclusion

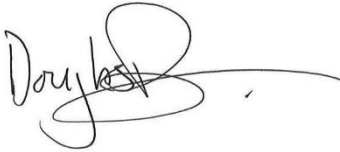
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Macquarie Media Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and

- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young.

Ernst & Young



Douglas Bain  
Partner  
Sydney  
9 February 2017