

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2015

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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 2015 and any public announcements made by Macquarie Media Limited (formerly Macquarie Radio Network 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 2015

DIRECTORS

The following persons were Directors of Macquarie Media Limited ("MML", formerly Macquarie Radio Network Limited) during the whole of the half-year and up to the date of this report:

- Russell Tate
- Gregory Hywood
- James Millar AM
- Jack Singleton (resigned 1 September 2015)
- Monique Marks (appointed 4 September 2015)
- Louise McCann

REVIEW OF OPERATIONS

For the half-year ended 31 December 2015, the Group reported a profit after tax of \$6.618m (2014: \$4.496m).

The Group's revenue has increased by 53% from \$43.818m to \$66.833m.

The Group's expenditure has increased by 34% from \$42.174m to \$56.440m.

On 31 March 2015, Macquarie Radio Network Limited acquired 100% of the share capital of Fairfax Radio Network Pty Limited from Fairfax Media Limited in exchange for shares in Macquarie Radio Network Limited. The acquisition of Fairfax Radio Network Pty Limited was considered a reverse acquisition, with Fairfax Radio Network Pty Limited being considered the parent for reporting purposes and the business combination being accounted for under AASB 3 'Business Combinations'. As a result the comparative income statement for the six months to 31 December 2014 includes the results of Fairfax Radio Network Limited. The current period income statement includes six months results of both Macquarie Radio Network Limited and Fairfax Radio Network Limited.

CHANGE OF COMPANY NAME

On 10 November 2015, the parent entity of the Group, formerly known as Macquarie Radio Network Limited, changed its name to Macquarie Media Limited.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration has been received and is set out on page 2.

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 16th day of February 2016

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 2015, 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
16 February 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

		31 December	
		2015	2014
	Notes	\$'000	\$'000
Revenue		66,833	43,818
Other Income		452	451
Employee benefits		36,604	27,338
Depreciation and amortisation		1,227	957
Legal, professional and consulting		719	993
Rent		2,408	1,555
Royalties, licences and commissions		3,350	2,257
Programming content		4,259	3,099
Utilities and telephone		1,091	968
Insurances		460	49
Share of net profits/losses of associates		15	16
Redundancy and restructuring costs		92	1,080
Marketing and promotion		1,079	1,561
Other		4,269	2,171
Finance costs		867	130
Profit before tax		10,845	2,095
Income tax expense		3,382	634
Profit for the period from continuing operations		7,463	1,461
Discontinued Operations			
(Loss)/Profit for the period from discontinued operations	2	(845)	3,035
Profit for the year	4	6,618	4,496
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
(Loss) on available-for-sale financial assets		(161)	(895)
Income tax relating to these items		47	268
Total comprehensive income for the year		6,504	3,869
Earnings per share			
Basic earnings per share (cents per share)	8	3.87	4.82
Diluted earnings per share (cents per share)	8	3.87	4.82
Earnings per share from continuing operations			
Basic earnings per share (cents per share)	8	4.36	1.57
Diluted earnings per share (cents per share)	8	4.36	1.57

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 2015

		31 Dec 2015 \$'000	Restated 30 June 2015 \$'000
	Note		
CURRENT ASSETS			
Cash and cash equivalents		14,519	1,357
Trade and other receivables		23,029	28,053
Assets held for sale		4,711	2,732
Current tax asset		549	1,817
Inventories		79	93
Other assets		2,480	3,194
TOTAL CURRENT ASSETS		45,367	37,246
NON-CURRENT ASSETS			
Other receivables		705	624
Investments accounted for using the equity method		1,282	1,297
Available for sale financial assets		2,107	2,269
Property, plant and equipment		17,039	12,944
Radio licences		108,066	112,069
Other intangible assets		63,811	63,735
Other assets		383	383
TOTAL NON-CURRENT ASSETS		193,393	193,321
TOTAL ASSETS		238,760	230,567
CURRENT LIABILITIES			
Trade and other payables		15,104	15,092
Deferred tax liability		1,679	1,573
Liabilities directly associated with held for sale assets		518	187
Provisions		7,979	8,276
TOTAL CURRENT LIABILITIES		25,280	25,128
NON-CURRENT LIABILITIES			
Borrowings		40,791	39,391
Other payables		163	46
Provisions		826	806
TOTAL NON-CURRENT LIABILITIES		41,780	40,243
TOTAL LIABILITIES		67,060	65,371
NET ASSETS		171,700	165,196
EQUITY			
Issued capital		85,587	85,587
Reserves	3	468	582
Retained earnings	4	85,645	79,027
TOTAL EQUITY		171,700	165,196

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 2015

	Share Capital	Asset Revaluation Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014	-	1,281	136,494	137,775
Profit for the period	-	-	4,496	4,496
Other comprehensive income	-	(627)	-	(627)
Total comprehensive income for the period	-	(627)	-	(627)
Balance at 31 December 2014	-	654	140,990	141,644
Balance at 1 July 2015	85,587	582	79,027	165,196
Profit for the period	-	-	6,618	6,618
Other comprehensive income	-	(114)	-	(114)
Total comprehensive income for the period	-	(114)	-	(114)
Balance at 31 December 2015	85,587	468	85,645	171,700

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

	31 Dec 2015 \$'000	31 Dec 2014 \$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of goods and services tax)	77,305	51,789
Payments to suppliers & employees (inclusive of goods and services tax)	(61,118)	(51,224)
Interest and royalties paid	-	(165)
Borrowing costs	(875)	-
Income taxes paid	(2,157)	-
Net cash provided by operating activities	13,155	400
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(3,481)	(444)
Payment for intangibles	-	(59)
Proceeds from sale of investments	2,300	-
Net cash used in investing activities	(1,181)	(503)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,400	-
Net cash used in financing activities	1,400	-
Net increase/(decrease) in cash held	13,374	(103)
Cash at beginning of the half-year	1,357	447
Reclassification to held for sale	(212)	-
Cash at the end of the half-year	14,519	344

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 2015 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 Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the director's report and 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 1055 Budgetary Reporting
- AASB 2014-1 (Part A) Annual Improvements 2010–2012 Cycle and Annual Improvements 2011–2013 Cycle
- AASB 119 - Amendments to Australian Accounting Standards – Part B Defined Benefit Plans, Employee Contributions

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

c. Reclassification of comparative information

AASB 3 Business Combinations allows a measurement period after a business combination to provide the acquirer a reasonable time to obtain the information necessary to identify and measure all of the various components of the business combination as of the acquisition date. The period cannot exceed one year from the acquisition date. The Macquarie Media Limited reverse acquisitions occurred in March 2015 and therefore, the acquisition accounting remained provisional as at 30 June 2015. During the half year the purchase price allocations were finalised. As a result licence values were reduced by 3.142 million, and deferred tax assets reduced by 0.758 million. The provisional amount of goodwill was correspondingly increased. Comparative amounts at 30 June 2015 have been revised accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

2. Discontinued operations

2.1. Disposal of Macquarie Regional Radio Pty Limited

Macquarie Regional Radio Pty Limited ("MRR") was presented as held for sale at 30 June 2015. On 28 October 2015, the company entered into a sale agreement to dispose of MRR. The proceeds of \$2,300,000 were less than the carrying amount of the related net assets and, accordingly, a loss on sale of \$133,411 was recognised in the period. The disposal was completed on 30 October 2015, on which date control of MRR passed to the acquirer. Details of the assets and liabilities disposed of, and the calculations of the loss on disposal are disclosed in the table in section 2.3.

2.2. Plan to dispose of Radio 2CH Pty Limited

The Group is actively seeking a buyer for Radio 2CH Pty Limited ("2CH") and expects to complete the sale by 31 March 2016 therefore the assets and liabilities of 2CH have been presented as held for sale at 31 December 2015.

2.3 Analysis of profit or loss for the half year ended from discontinued operations

The combined results of the discontinued operations included in the profit for the half year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current half year period.

The discontinued operations as at 31 December 2014 relate to the Perth radio station 96fm. These operations have been classified and accounted for at 31 December 2014 as a disposal group held for sale.

Loss for the half year from discontinued operations:

	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Revenue	1,694	9,419
Expenses	2,689	5,066
Loss on sale	133	-
(Loss)/Profit before tax	(1,128)	4,353
Taxation	283	(1,318)
(Loss)/Profit for the year from discontinued operations	(845)	3,035

Cash flows from discontinued operations

Net cash (outflows)/inflows from operating activities	(236)	5,179
Net cash inflows/(outflows) from investing activities	175	(5,179)
Net cash inflows/(outflows) from financing activities	-	-
Net cash (outflow)/inflow	(61)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

3. Reserves

Asset revaluation reserve	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Balance at the beginning of the period (30 June)	582	1,281
Movement for the period	(114)	(627)
Balance at the end of the financial period	<u>468</u>	<u>654</u>

4. Retained earnings

Balance at the beginning of the period (30 June)	79,027	136,494
Net profit for the period	<u>6,618</u>	<u>4,496</u>
Balance at the end of the period	<u><u>85,645</u></u>	<u><u>140,990</u></u>

5. Secured liabilities

The bank facility of \$40,791,209 (30 June 2015: \$39,391,209) is secured by a Cross Deed of Covenant between Macquarie Media Limited and its controlled entities including;

- Harbour Radio Pty Limited
- Macquarie Media Limited
- Radio 2CH Pty Limited
- Buyradio 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 Harbour Radio Pty Limited, Macquarie Media Limited and Radio 2CH Pty Limited.

The carrying amount of assets pledged as security is as follows:	31 Dec 2015 \$'000	30 June 2015 \$'000
Total current assets	45,367	37,246
Total non-current assets	<u>193,393</u>	<u>193,321</u>
Total assets	<u><u>238,760</u></u>	<u><u>230,567</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

6. Segment information

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

7. Financial instruments

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

7.1 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 2015 \$'000	30 June 2015 \$'000				
Equity securities	2,107	2,269	Level 1	Quoted bid prices in an active market	N/A	N/A

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

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

	Fair value hierarchy	31 Dec 2015 \$'000	30 June 2015 \$'000
Financial assets			
Available-for-sale financial assets	Level 1	2,107	2,269
Assets held for sale	Level 2	4,711	2,732
Financial liabilities			
Liabilities directly associated with held for sale assets	Level 2	518	187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

8. Earnings per Share

	31 Dec 2015 Cents per share	31 Dec 2014 Cents per share
a) Basic earnings per share (cents per share)		
Net profit attributable to owners of the parent	3.87	4.82
Net profit from continuing operations attributable to owners of the parent	4.36	1.57
b) Diluted earnings per share (cents per share)		
Net profit attributable to owners of the parent	3.87	4.82
Net profit from continuing operations attributable to owners of the parent	4.36	1.57
	<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	6,618	4,496
Net profit from continuing operations attributable to owners of the parent	7,463	1,461
Diluted earnings per share		
Net profit attributable to owners of the parent	6,618	4,496
Net profit from continuing operations attributable to owners of the parent	7,463	1,461
	<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>93,196,512</u>
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<u>171,002,774</u>	<u>93,196,512</u>
	<u>\$</u>	<u>\$</u>

9. Dividends

Interim dividend declared	<u>3,420,055</u>	<u>-</u>
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A Fully franked interim dividend of \$0.02 per share was declared subsequent to the half year ended 31 December 2015.

10. Subsequent events

No matters or circumstances have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods

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, 16th February 2016

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Macquarie Media Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 2015 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 2015 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



Douglas Bain
Partner
Sydney
16 February 2016