PRIME MEDIA GROUP

2013 ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

ABN 97 000 764 867

This annual report covers both PRIME Media Group Limited ("the Company") as an individual entity and the consolidated entity comprising PRIME Media Group Limited and its subsidiaries ("the Group"). The Group's functional and presentation currency is AUD ($).

NAME	POSITION	DATE APPOINTED	DATE RESIGNED
Directors			
Paul Joseph Ramsay AO	Chairman	17 April 1985	–
Michael Stanley Siddle	Deputy Chairman	17 April 1985	–
Peter John Evans FCA		27 March 1991	–
Alexander Andrew Hamill		2 October 2003	–
Ian Patrick Grier AM		6 June 2008	–
Ian Richard Neal		6 June 2008	–
Ian Craig Audsley	Chief Executive Officer	24 June 2010	–
Company Secretary			
Emma McDonald		27 February 2012	–

REGISTERED OFFICE

363 Antill Street
Watson ACT 2602
(02) 6242 3700

BANK

Australia and New Zealand Banking Group Limited (ANZ)
8/20 Martin Place
Sydney NSW 2000

SHARE REGISTER

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Ph: 1300 554 474

PRIME Media Group Limited shares are listed on the Australian Securities Exchange (Listing Code PRT).

AUDITORS

Ernst & Young
680 George Street
Sydney NSW 2000

CHAIRMAN'S ADDRESS

On behalf of the directors of PRIME Media Group I am pleased to present the Annual Report for the 2013 financial year.

In what has been a tough operating environment for many traditional media companies, PRIME confirmed again that it is the leading regional broadcaster, having reported 1.8% revenue growth in a declining advertising market, and a core profit of $35.4 million, an increase of 6.6% on the prior year. PRIME's positive financial performance is testament to the management team's focus on strengthening an already capable advertising sales force, delivering innovative approaches to new revenue opportunities and tight cost control across the business. PRIME's statutory earnings per share of 5.5 cents was 27% lower than the prior period due to the non-cash impairment of radio licences of $15 million.

In the 2013 financial year PRIME7 grew its audience share to deliver a pleasing 2.3 share point improvement to lift to a 39.5 share*. In calendar year 2012 PRIME7 once again won the official audience ratings survey in its three aggregate markets of northern New South Wales, southern New South Wales and Victoria (on a combined basis). PRIME's Western Australian television division, GWN7, maintained its dominance in the market.

PRIME is committed to maximising shareholder value and ensuring debt levels are appropriate. To this end PRIME completed the sale of its regional Queensland radio network in August 2013, the proceeds of which were applied to further reduce gearing. While PRIME's net debt of $131.9 million at 30 June 2013 was up 12.6% on the prior year, the increase was due to a realignment of payments as evidenced by a fall in current payables. The one-off reduction in debt arising from the sale of the radio network ensures PRIME Media Group's balance sheet is best positioned in this tough advertising spend cycle.

PRIME is now one of the leading media dividend yield stocks. Your Board of Directors has declared a full year dividend of 7.3 cents per share, a 10.6% increase on the prior year, providing shareholders with a 7.2% fully franked dividend yield. PRIME's share price has also demonstrated resilience in a difficult market, settling at $1.01 at 30 June 2013.

Our association with the Seven Network continues to drive strong audiences and provide tremendous opportunity for PRIME's advertisers. With Australia's best television programs in its schedule, we're confident that the Seven Network will continue to improve performance into the future.

I would like to conclude by extending my thanks and appreciation to PRIME's staff and commend their exemplary performance in a challenging environment. I'd also like to acknowledge and thank PRIME's advertising clients and partners for their continuing support and loyalty. Finally, I would like to thank the radio team for their efforts and wish them the best for the future.

Paul Ramsay AO
CHAIRMAN

* Source: Regional TAM Combined Aggregated Market of Northern NSW, Southern NSW & Victoria; Total People, 0600-2359; Network Commercial Share, Consolidated Data; FY13 vs FY12

CHIEF EXECUTIVE OFFICER'S REPORT

The 2012 London Olympic Games set the stage for what would prove to be a highly competitive and challenging advertising market in the reporting period.

Despite the opportunity of the Olympic Games, total advertising spend in Australia fell 1.6% on the prior period. However, PRIME's revenue from continuing operations grew 1.8% to $257.3 million, delivering PRIME's 3rd consecutive year of revenue performance over and above market growth.

PRIME's television division performed exceptionally in this environment, growing its audience share by 2.3 points to a 39.5* share and advertising revenue by 1.1 share points to a 40.2 share^. While the regional television advertising market declined 1%, PRIME advertising revenue grew by 1.7% or $4.35 million.

The revenue result is demonstration of the continuing work and application of management to maintaining the performance and capabilities of PRIME's sales organisation.

Other television revenues of $3.3 million grew $857,000 over the prior period, which largely related to government grants for analogue to digital transmission switchover. Total television revenue grew 2.1% to $256.6 million.

A planned increase in PRIME's program supply agreement with the Seven Network, along with CPI increases and PRIME's share of associated losses in digital television services for Mildura and regional Western Australia, were partly mitigated by management's tight cost controls across the business. As a result, expense growth was contained to 2.9% to finish at $183.7 million. Television EBITDA of $72.8 million was essentially flat year on year.

PRIME's radio division experienced difficult trading conditions due to continuing economic headwinds in regional Queensland. Advertising revenue declined $956,000 or 4.8% year on year, however management maintained the cost containment focus with expenses growth kept to just 0.6%. EBITDA fell $867,000 or 20.8% on the prior year.

At the half year PRIME's Board of Directors wrote down the value of the radio broadcast licences by $15 million and later announced the completion of the sale of the companies to Grant Broadcasters on 30 August for a minimum $24.5 million. The radio business was held as an asset for sale at 30 June and reported as a discontinuing operation.

POSITIONING PRIME FOR CHANGE

The television industry is currently going through a period of change. Technology is driving the creation of new entertainment platforms and the opportunity for broadcasters to provide additional free to air television channels.

PRIME has been managing the conversion of its analogue broadcast signals to digital to provide ubiquitous multi-channel services for regional and rural Australians. In tandem, we have been planning the migration of up to 170 transmission sites to new frequencies as part of a Federal Government Digital Dividend program. Redundant television frequencies have been auctioned by government to telecommunications companies for next generation mobile devices. Both initiatives are government funded.

The switch-over to purely digital television services took place in Victoria in May 2011, Southern NSW and the ACT in June 2012, Northern NSW in November 2012 and in Western Australia in June 2013.

The NSW Central Coast region is the only regional television service area yet to make the switch to digital-only services. That change will occur in December 2013, coinciding with analogue switch off in the Sydney television service area.

PRIME has participated in a number of government enquiries and through Free TV, contributed to many industry submissions in the past year. We have and will continue to champion the importance of regional television services in the face of broader changes to the media landscape. We will continue this work to ensure that people in regional, rural and remote communities in Australia can enjoy the benefits of local free to air television and local news services.

With more content being delivered to consumers over the internet and becoming readily available through a range of devices, such as internet enabled televisions, tablets and the like, there is both risk and opportunity for PRIME. Management is monitoring these opportunities to identify and develop strategies to participate in content delivery to audiences via these methods.

In the past twelve months a number of significant reviews into the media industry have been undertaken by the Federal government and the ACMA. In particular, the Final Report of the Convergence Review recommended sweeping changes to media regulation.

Although the bulk of the recommendations have not been implemented, PRIME was the beneficiary of a significant and positive legislative amendment that saw licence fees reduced by 50%.

We are pleased with the continuing strength of our television business. We continue to build audiences across the suite of channels and continue to increase advertising revenue share beyond audience share. Much of it is due to strong programming, but much of it also comes from a dedicated and capable management and staff and I thank them for their commitment to delivering another great result.

Ian Audsley
CEO

* Source: Regional TAM Combined Aggregated Market of Northern NSW, Southern NSW & Victoria; Total People, 0600-2359; Network Commercial Share, Consolidated Data; FY13 vs FY12

^ Source: Total Advertising Revenue combines aggregated markets of Northern NSW, Southern NSW and Victoria – KMPG

HIGHLIGHTS

$277.0m
REVENUE

$66.0m
EBITDA

$35.4m
CORE NET PROFIT AFTER TAX

7.3¢
FULL YEAR DIVIDEND

↑6.6%
CHANGE IN CORE NET PROFIT AFTER TAX

* Highlights were calculated based on Continuing Operations and Discontinuing Operations before specific items.

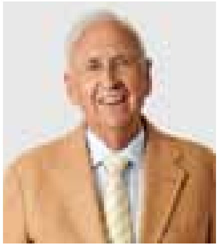
DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2013.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES



PAUL JOSEPH RAMSAY AO

Non-Executive Chairman
(appointed 17 April 1985)

Mr Ramsay is Chairman of Paul Ramsay Holdings Pty Limited, a major shareholder of the Company. He is also the Chairman of Ramsay Health Care Limited, Australia's largest private hospital owner. Mr Ramsay has more than 40 years' experience in real estate, health care, media and communications. In 2002, Mr Ramsay was conferred an Officer of the Order of Australia for services to the community through the establishment of private health care facilities, expanding regional television services and as a benefactor to a range of educational, cultural, artistic and sporting organisations.

MICHAEL STANLEY SIDDLE

Non-Executive Deputy Chairman
(appointed 17 April 1985)

Mr Siddle has been Deputy Chairman of Paul Ramsay Holdings Pty Limited since 1967. He is also Deputy Chairman of Ramsay Health Care Limited and has been a Director of the Company since 1985.

PETER JOHN EVANS FCA

Non-Executive Director
(appointed 27 March 1991)

Mr Evans is a Chartered Accountant, and was in public practice for almost 20 years with predecessor firms of KPMG. Mr Evans has been a Director of Ramsay Health Care Limited since 1990 and a Director of Paul Ramsay Holdings Pty Limited since 1987.

Mr Evans is the Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

ALEXANDER ANDREW HAMILL

Non-Executive Director
(appointed 2 October 2003)

Mr Hamill has worked in marketing and advertising in Australia and globally for over 45 years. Mr Hamill was the Media Director of the Australian Olympic Team in Sydney (2000), Athens (2004) and Beijing (2008). Mr Hamill is a member of the Remuneration and Nomination Committee.

IAN PATRICK GRIER AM

Non-Executive Director
(appointed 6 June 2008)

Mr Grier was employed as an executive in the private health care industry for more than 20 years and held the position of Chief Executive Officer of Ramsay Health Care Limited for 14 years until retiring in June 2008, when he continued as a Non-Executive Director of that company. Mr Grier has served as both President and Chairman of the Australian Private Hospitals Association and sits on a number of industry committees. Mr Grier is a member of the Board of Careers Australia Pty Ltd and Chairman of Dominion Principle Group.

He is the Chairman of the Remuneration and Nomination Committee and was appointed to the Audit and Risk Committee on 19 June 2012.

IAN RICHARD NEAL

Non-Executive Director
(appointed 6 June 2008)

Mr Neal is a Chairman for the Executive Connection and consults on business strategy and implementation from a perspective of maximising shareholder value. Prior to establishing Management Abroad, Mr Neal was co-founder and Managing Director of Nanyang Ventures Pty Limited from 1993 to 2004.

Mr Neal's professional background is in financial markets, commencing as an equities analyst and moving through various banking positions until establishing Nanyang Ventures Pty Limited. Mr Neal is a life member of the Financial Services Institute of Australia.

He is a member of the Audit and Risk Committee.

IAN CRAIG AUDSLEY

Chief Executive Officer
(appointed 16 June 2010)
Executive Director
(appointed 24 June 2010)

Mr Audsley has had over 30 years' experience in the television industry. He has held various senior roles at the Seven Network, Nine Network, TV3 New Zealand and Southern Cross Television.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The relevant interest of each director in the shares and performance rights issued by the Company at the date of this report is as follows:

	ORDINARY SHARES	RIGHTS OVER ORDINARY SHARES
Paul J. Ramsay AO	109,903,654	–
Michael S. Siddle	984,082	–
Peter J. Evans FCA	24,286	–
Alex A. Hamill	–	–
Ian P. Grier AM	–	–
Ian R. Neal	–	–
Ian C. Audsley	–	1,315,000

INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

No director has any interest in any contract or proposed contract with the Company other than as disclosed elsewhere in this report.

DIRECTORSHIPS IN OTHER LISTED ENTITIES

Directorships of other listed entities held by directors of the Company during the three years immediately before the end of the year are as follows:

		PERIOD OF DIRECTORSHIP	
DIRECTOR	COMPANY	FROM	TO
Paul J. Ramsay AO	Ramsay Health Care Limited (Chairman)	May 1975	Present
Michael S. Siddle	Ramsay Health Care Limited (Deputy Chairman)	May 1975	Present
Peter J. Evans FCA	Ramsay Health Care Limited	June 1990	Present
Ian P. Grier AM	Ramsay Health Care Limited	June 1997	Present
Ian R. Neal	IntraPower Limited (1)	May 2007	August 2011
	Dyesol Limited	September 2006	Present
	Pearl Healthcare Limited	September 2008	February 2012

(1) IntraPower Limited was delisted from the Australian Securities Exchange on 12 September 2011.

COMPANY SECRETARY

MS EMMA MCDONALD

Ms McDonald was appointed as Company Secretary on 27 February 2012. She has been a solicitor for the past 21 years, having worked in a number of large media companies and for a major law firm, and currently holds the role of General Counsel for Prime Media Group Limited.

EARNINGS PER SHARE	CENTS
Basic earnings per share	5.5
Basic earnings per share – continuing operations	9.2
Diluted earnings per share	5.5
Diluted earnings per share – continuing operations	9.2

DIVIDENDS	CENTS	$'000
Final dividend recommended:		
- on ordinary shares	3.3	12,089
Dividends paid in the year:		
Interim for the year		
- on ordinary shares	4.0	14,653
Final for 2012 shown as recommended in the 2012 financial report		
- on ordinary shares	3.3	12,089
		26,742

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities of Prime Media Group Limited during the year were the provision of free to air commercial television broadcasting services in the following regional areas (excluding capital cities):

- Northern New South Wales and the Gold Coast;
- Southern New South Wales;
- Victoria and Mildura; and
- Western Australia.

The majority of the Group's television programming is supplied through an affiliation agreement with the Seven Network and broadcast in regional areas under the PRIME7 brand on the east coast and the GWN7 brand in regional Western Australia. During the year, the Group also operated a network of 10 radio stations in regional Queensland. These assets are currently held for sale and recorded as a discontinuing operation.

OPERATING AND FINANCIAL REVIEW

CONSOLIDATED RESULTS INCLUSIVE OF CONTINUING AND DISCONTINUING OPERATIONS

The Company's audited financial report for the year ended 30 June 2013 has been prepared on the basis that Prime's radio business was held for sale at the reporting date resulting in its financial performance being excluded from continuing operations (and reported as a discontinuing operation). The Company's continuing operations primarily consist of Prime's television business segment and unallocated corporate segment.

The Group's consolidated net profit after tax from both continuing and discontinuing operations attributable to the members of Prime Media Group Limited for the year ended 30 June 2013 of $20,211,000 (2012: $27,682,000) represents a decrease of $7,470,000 or 27.0% on the prior comparative period largely due to a write down of radio assets of $15.0 million.

STATUTORY RESULTS FROM CONTINUING OPERATIONS

The Company's statutory consolidated net profit after tax from continuing operations (excluding Prime's radio business) attributable to the members of Prime Media Group Limited for the year ended 30 June 2013 was $33,608,000 (2012: $30,810,000) and represents an increase of $2,798,000 or 9.1% on the prior comparative period.

The Group's primary source of revenue from continuing operations during the year was derived from television advertising that grew 1.8% during the year in difficult market conditions. The Group's revenue growth of 1.9% in its "3 Aggregated Markets" of Northern New South Wales, Southern New South Wales and Victoria was ahead of market data published by KPMG, which demonstrated that the 3 Aggregated Markets declined by 0.98% during the year. The Group also continued to benefit from incremental revenue earned from its datacasting channel TV4Me that launched in 2011 and ishoptv that was launched on 1 May 2013.

Prime's gross profit margin from continuing operations was 47.9% compared to 49.3% in the previous corresponding period. The decline in gross profit margin was largely due to increases in program affiliation costs and other costs.

Prime's total operating expenses of $60.3M were largely in line with the previous corresponding period. Savings in marketing and administration costs of $667,000 were largely offset by an increase in share of associate losses from the Group's joint ventures. Prime's EBITDA from continuing operations decreased by 0.9% to $62.7M (2012: $63.2M) due to unallocated corporate head office costs being maintained to service both continuing and discontinuing operations. Overall Group EBITDA fell by 2.1% to $66.0M (2012: $67.4M) mainly due to a reduction in the radio business profitability and an increase in television programming expenses.

Finance costs of $8.0M were 24.0% less than the previous corresponding reporting period, largely due to lower interest rates and improved cash management.

DISCONTINUING OPERATIONS

In June 2013, the Board of Directors of the Group, in response to unsolicited expressions of interest, authorised management to review the possible sale of the Group's radio business. As a consequence, the Group's radio business has been reclassified as an asset available for sale and its financial performance reported as a discontinuing operation. The Group reported in its interim results for the 6 month period ended 31 December 2012 that the radio group was struggling as a result of the downturn in the Queensland economy, coupled with the overall downturn in mining activity and the residual effects of the natural disasters in Queensland over the past 2 years. These factors led to a fall in earnings and resulted in an impairment charge of $15.0M being recorded in the current reporting period (2012: $5.32M).

The Group's revenue from discontinuing operations was $19.7M which was $1.0M or 4.8% less than the prior corresponding period. The fall in advertising revenue corresponded to a reduction in Radio EBITDA to $3.3M (2012: $4.2M). On 12 August 2013, the Group publicly announced the sale of its Radio business for a minimum $24.5M.

CORE NET PROFIT AFTER TAX (INCLUDING CONTINUING AND DISCONTINUING OPERATIONS)

Core net profit after tax from both continuing and discontinuing operations, and before specific items, was $35,423,000 (2012: $33,220,000), representing an increase of $2,203,000 or 6.6% on the prior corresponding period. The Group's final dividend has been declared based on the core net profit after tax.

BALANCE SHEET AND CASHFLOW

Prime's operating cashflow for the year was $25.8M less than the prior corresponding period due to a change in the timing of payments. As a result of the timing of payments, Prime's syndicated debt facility increased to $142.0M (2012: $124.0M) and a reduction in Current Liabilities – Trade and Other Payables to $37.5M.

Cash outflows from investing activities of $10,944,000 (2012: $9,601,000 cash outflow) compares unfavourably to the prior year due to increased funding requirements to fund Prime's joint ventures that broadcast television regionally in Western Australia and Mildura. The Group's cash outflow from financing activities of $10,371,000 was applied to pay increased dividend payments to shareholders and to discharge finance leases during the period. Prime continues to comfortably operate within the terms of its $200M syndicated bank facility which matures in October 2015.

DIRECTORS' REPORT

SHAREHOLDER RETURNS

The Company is pleased to report an improvement in shareholder returns as a result of its current dividend payout ratio and an improvement in most other financial measures in the current year including the closing share price which was $1.01 at 30 June 2013 (2012: $0.66).

	2013	2012
Core Earnings Per Share (cents per share)(i)	**9.7**	9.1
Statutory Earnings Per Share (cents per share)	**5.5**	7.6
Core Return on Assets (ROA) %(i)	**10.2**	9.2
Statutory Return on Assets (ROA) %	**5.8**	7.7
Weighted Average Cost of Capital (%)	**10.3**	10.4
Core Return on Equity (ROE) (%)(i) (ii)	**22.9**	20.8
Statutory Return on Equity (ROE) (%)	**13.1**	17.3
Net Debt / Net Debt + Equity Ratio (%)	**46.1**	42.3
Share price ($)	**1.01**	0.66
Dividends per share (cents)	**7.3**	6.6
Total Shareholder Return (%)	**64.1**	5.2

(i) These returns have been calculated using net profit after tax from continuing and discontinuing operations and before the impact of items disclosed as specific non-core items. (Refer to Note 9 for details of specific non-core items).

(ii) Equity has been normalised for the impact of items disclosed as specific items.

CAPITAL STRUCTURE

	2013 $'000	2012 $'000
Interest-bearing loan and borrowings	**142,275**	125,525
Derivative financial instruments	**–**	573
Cash and short term deposits	**(10,326)**	(8,916)
Net debt	**131,949**	117,182
Total equity	**154,380**	160,027
Total capital employed	**286,329**	277,209
Gearing	**46.1%**	42.3%

The profile of the Group's debt finance is as follows:

	2013 $'000	2012 $'000
Current		
Obligations under finance leases	**252**	1,629
Derivative financial instruments	**–**	573
	252	2,202
Non-current		
Obligations under finance leases	**918**	1,170
Secured bank loan	**141,105**	122,726
	142,023	123,896
	142,275	126,098

The Group's debt level has increased in the current year largely due to the timing of payments to suppliers. The increase in debt levels has been offset by a corresponding reduction in Trade and Other Payables – Current Liability to $37,474,000 (2012: $61,384,000).

Capital expenditure of $9,200,000 in the current year (2012: $13,195,000) was less than the prior year largely due to completion of the analogue to digital transmission project. Current year expenditure includes the implementation of a new television sales and traffic software system, which was commissioned on 1 March 2013.

RISK MANAGEMENT

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

During the year the Group's Audit and Risk Committee comprehensively reviewed its risk management objectives and processes. The Committee worked with management to improve its approach to risk management having regard for the objectives of Principle 7 of the ASX Corporate Governance Council principles and recommendations.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of strategic plans, which encompass the Group's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk; and
- implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including monitoring of financial and non-financial Key Performance Indicators ('KPIs').

Risk management is further addressed in the Corporate Governance Statement.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the Group's state of affairs.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 12 August 2013 the Group announced the sale of the Prime radio entities, which held four AM and six FM licences in regional Queensland, for a minimum of $24,525,000 plus surplus cash to be determined at the date of completion. The sale is expected to be completed on 30 August 2013. As a consequence of the sale, the radio assets and liabilities have been classified as held for sale and the segment operations reclassified as discontinuing in the current and prior year Consolidated Statement of Comprehensive Income.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Board and Executive consider that the future performance of the Group will be influenced by changes in legislation specific to the media industry and changes in media technologies. Notwithstanding these influences, the Board and Executive will continue to focus on maximising its yield from the advertising market and to prudently manage debt and risk generally to optimise returns to shareholders.

PERFORMANCE RIGHTS (EQUITY)

UNISSUED SHARES

At the date of this report there were 2,546,000 (2012: 1,258,000) unissued ordinary shares under The Executive Performance Rights Plan that are yet to vest. Refer to Note 28 of the financial statements for further information.

Performance rights holders do not have any right, by virtue of the performance right, to participate in any share issue of the Company or any related body corporate.

SHARES ISSUED AS A RESULT OF THE EXERCISE OF PERFORMANCE RIGHTS

During the financial year, employees and executives have not exercised any performance rights to acquire ordinary shares in Prime Media Group Limited.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

In accordance with the *Corporations Act 2001*, the directors disclose that the Company has a Directors' and Officers' Liability policy covering each of the directors and certain executive officers for liabilities incurred in the performance of their duties and as specifically allowed under the *Corporations Act 2001*. During the year, the Company paid premiums totalling $107,850 (2012: $97,850) in relation to the Directors' and Officers' Liability policy. The terms of the policy specifically prohibit the disclosure of any other details relating to the policy and therefore the Directors are not disclosing further particulars relating thereto. During the year, the Board also authorised the execution of a deed of access, indemnity and insurance for Directors and Officers in their capacity for the Company, its subsidiaries and related parties.

INDEMNIFICATION OF AUDITORS

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

DIRECTORS' REPORT

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each Director were as follows:

	DIRECTORS' MEETINGS		MEETINGS OF COMMITTEES			
			AUDIT AND RISK		REMUNERATION AND NOMINATION	
	NO OF MEETINGS HELD	NO OF MEETINGS ATTENDED	NO OF MEETINGS HELD	NO OF MEETINGS ATTENDED	NO OF MEETINGS HELD	NO OF MEETINGS ATTENDED
Paul J. Ramsay AO	7	4	–	–	–	–
Michael S. Siddle	7	7	–	–	–	–
Peter J. Evans FCA	7	6	5	5	3	3
Alex A. Hamill	7	6	–	–	3	3
Ian R. Neal	7	7	5	5	–	–
Ian P. Grier AM	7	6	5	5	3	3
Ian C. Audsley	7	7	–	–	–	–

COMMITTEE MEMBERSHIP

Members acting on the committees of the Board during the year were:

Audit and Risk

Peter J. Evans FCA (Chairman)

Ian R. Neal

Ian P. Grier AM

Remuneration and Nomination

Ian P. Grier AM (Chairman)

Peter J. Evans FCA

Alex A. Hamill

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

Dear Shareholders

The Board is pleased to present the Remuneration Report for the 2013 financial year.

PERFORMANCE AND RESULTING REMUNERATION OUTCOMES FOR THE YEAR

The Company reported another resilient result, having achieving revenue growth of 1.8% in difficult market conditions. The Company also achieved a power ratio of 1.1 having maintained its revenue share for the 3AGG markets at a percentage greater than its audience share for these markets. Shareholders ultimately benefited as the Company's core net profit after tax from continuing and discontinuing operations increased to $35.4 million, resulting in a full year dividend of 7.3 cents per share (2012: full year dividend 6.6 cents per share).

REMUNERATION CHANGES

As reported last year, the Company restructured its executive team in 2012, which resulted in a reduction in the fixed remuneration pool for the 2013 financial year of $133,476 or 4.2%.

The Company's 2013 short term incentive payment pool has been set at $1,071,000, based on advice from our external remuneration consultant, and is linked to the Group, business unit and individual measures described in this report. As a result of the pleasing 2013 financial result, 100% of the short term incentive pool has been provided for in this reporting period.

During the financial year, the Company also issued 1,580,000 performance rights (2012: 1,258,000) including 700,000 performance rights to the Chief Executive Officer, Mr Ian Audsley. The rights will vest over a 3 year period, and are subject to agreed performance measures including core earnings per share and achievement of an annual power ratio target (revenue share: audience share). No performance rights vested during this financial year.

NON-EXECUTIVE DIRECTOR REMUNERATION

The remuneration of the non-executive directors of the Company consists of directors' fees. Directors' fees were reduced by $47,400 or 7.9% due to the departure of a director in the prior year. Finally, in order to comply with ASX CGC Recommendation 2.5, the Company also introduced new measures to evaluate the performance of directors.

On behalf of the Remuneration and Nomination Committee and the Board, I commend this Remuneration Report to you.

Yours sincerely

I. P. Grier AM
Chairman

Remuneration and Nomination Committee

REMUNERATION REPORT (AUDITED)

This Remuneration Report for the year ended 30 June 2013 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
4. Executive remuneration outcomes for 2013 (including link to performance)
5. Executive contracts
6. Non-executive directors' remuneration (including statutory remuneration disclosures)
7. Additional statutory disclosures

1. INTRODUCTION

The Remuneration Report details the remuneration arrangements for key management personnel (KMP) of the Company and the Group being those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and Group, directly or indirectly, including any director (whether executive or otherwise).

For the purposes of this report, the term 'executive' includes the Chief Executive Officer (CEO), executive directors, senior executives, general managers and secretaries of the Company and the Group. The term 'director' refers to non-executive directors (NED) only.

Details of KMP of the Company and Group are set out below:

KEY MANAGEMENT PERSONNEL

(i) Directors

Paul J. Ramsay AO	Chairman (non-executive)
Michael S. Siddle	Deputy Chairman (non-executive)
Peter J. Evans FCA	Director (non-executive)
Alex A. Hamill	Director (non-executive)
Ian P. Grier AM	Director (non-executive)
Ian R. Neal	Director (non-executive)
Ian C. Audsley	Director (Chief Executive Officer)

(ii) Executives

Dave Walker	Group General Manager Sales and Marketing
Shane Wood	Group General Manager Operations
Emma McDonald	General Counsel and Company Secretary
Gerard Smith	Chief Technology Officer
John Palisi	Chief Financial Officer (appointed 1 October 2012)

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

2. REMUNERATION GOVERNANCE

REMUNERATION AND NOMINATION COMMITTEE

The Board has appointed a Remuneration and Nomination Committee consisting of three non-executive directors (NEDs), including 2 independent NEDs to make recommendations on the remuneration arrangements for NEDs and executives.

The Remuneration and Nomination Committee meets throughout the year. The CEO and Company Secretary have attended certain Remuneration and Nomination Committee meetings by invitation, where management input is required. The CEO and Company Secretary are not present during any discussions relating to their own remuneration arrangements.

Further information on the Remuneration and Nomination Committee's role, responsibilities and membership is available at www.primemedia.com.au.

REMUNERATION CONSULTANTS

To ensure the Board is fully informed when making decisions, the Remuneration and Nomination Committee has formalised policies that govern arrangements to engage independent remuneration consultants to provide independent advice and, where required, to make remuneration recommendations, free from the undue influence by members of the KMP.

In the 2013 financial year, CRA Plan Managers Pty Limited (CRA) was engaged to benchmark KMP remuneration including STIs. The Committee is satisfied that the advice received from CRA is free from undue influence from the KMP to whom the remuneration recommendations apply as CRA was engaged directly by, and reported directly to, the Chairman of the Committee.

CRA's fees in FY 2013 totalled $23,802.

3. EXECUTIVE REMUNERATION ARRANGEMENTS

REMUNERATION PRINCIPLES AND STRATEGY

The Company's executive remuneration strategy aims to attract, motivate and retain high performing individuals and align the interests of executives and shareholders.

To this end, key objectives of the Company's reward framework are to ensure that remuneration practices:

- are aligned to the Group's business strategy;
- offer competitive remuneration benchmarked against the external market;
- provide strong linkage between individual and Group performance and rewards; and
- align the interests of executives and shareholders.

REMUNERATION COMPONENT	VEHICLE	PURPOSE	LINK TO PERFORMANCE
Fixed remuneration	• Represented by total employment cost (TEC); • Comprises base salary, superannuation contributions and other discretionary and non-discretionary benefits.	• To provide competitive fixed remuneration set with reference to role, market and experience.	• Company and individual performance are considered during the annual review process.
STI component	• Paid in cash.	• Rewards executives for their contribution to achievement of Group and business unit outcomes, as well as individual Key Performance Indicators (KPIs).	• Core NPAT; • Power ratio; and • Customer service, risk management and leadership.
LTI component	• Awards are made in the form of performance rights.	• Rewards executives for their contribution to the creation of shareholder value over the longer term.	• Performance rights are subject to achieving core EPS and power ratio targets.

APPROACH TO SETTING REMUNERATION

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and aligned with market practice.

The Remuneration and Nomination Committee reviews TEC annually against the median of its direct industry peers and other Australian listed entities of a similar size and complexity. KMP remuneration is benchmarked against industry peers and remuneration levels reviewed having regard for market data, insights into remuneration trends, the performance of the Company and individual, and the broader economic environment.

DETAIL OF INCENTIVE PLANS

Short Term Incentives (STI)

The Group operates an annual STI program that is available to executives and awards a cash bonus subject to attainment of clearly defined Group, business unit and individual measures.

The actual STI payments awarded to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of KPIs covering financial and non-financial, corporate and individual measures of performance. A summary of the measures and weightings is set out below:

PERFORMANCE MEASURES	CORE NPAT	POWER RATIO	NON-FINANCIAL MEASURES: • Leadership/Team Contribution • Risk Management • Business Development and Growth Initiatives • Capital Management • Business Relationship Management
CEO	50%	25%	25%
Other functional executives	0–50%	0–25%	0–50%

The aggregate of the annual STI payments available for executives across the Group is subject to the approval of the Remuneration and Nomination Committee. On an annual basis, after consideration of performance against KPIs, the Remuneration and Nomination Committee, in line with their responsibilities, determine the amount, if any, of the STI paid to each executive. This process usually occurs within three months after the reporting date. Payments made are delivered as a cash bonus in the following reporting period.

Long Term Incentives (LTI)

LTI awards will be made annually to executives under the Performance Rights Plan. The allocations in the current year represented less than 0.7% of the undiluted capital of the Group with a maximum income cost over a 3 year period of $1,515,512 (or $505,170 annualised). The performance rights are available over a 36 month vesting period subject to continuing service and achieving the following targets:

- 60% of the rights will be subject to achievement of annual core earnings per share (EPS) targets; and
- 40% of the rights will be subject to achievement of annual power ratio targets (revenue share: audience share).

The exercise price of the performance rights is nil. The rights will lapse 30 days after vesting date.

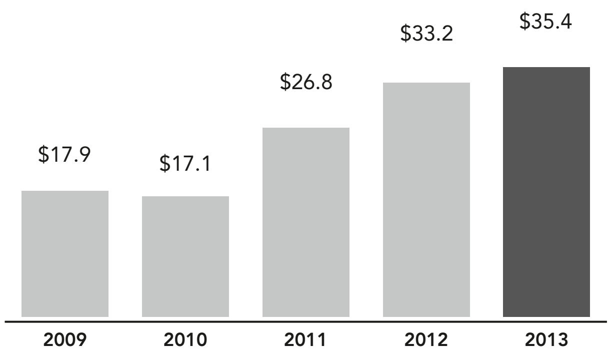
4. EXECUTIVE REMUNERATION OUTCOMES FOR 2013 (INCLUDING LINK TO PERFORMANCE)

COMPANY PERFORMANCE AND ITS LINK TO SHORT TERM INCENTIVES

The financial performance measures driving STI payment outcomes are:

- core NPAT (defined as NPAT before specific non-core items); and
- A power ratio greater than 1. The Power Ratio is a measure of the Company's share of revenue to the Company's share of audience. A power ratio above 1 indicates that the Company is performing ahead of its audience share.

The following chart shows the Company's core NPAT over the 5 year period ended 30 June 2013. Core NPAT is defined as statutory net profit after tax and before non-core items.



Core NPAT ($ million)
including discontinued operations

STI awards for 2012 and 2013 financial years

For the 2012 financial year, 100% of the STI cash bonus pool of $1,055,005 as previously accrued in that period vested to executives and was paid in the 2013 financial year.

The Remuneration and Nomination Committee will consider the STI payments for the 2013 financial year in the first quarter of the 2014 financial year. The maximum STI cash bonus available for the 2013 financial year is $1,071,496. STI payments have been accrued at 100% of the maximum cash bonus available for the 2013 financial year based on individual executive's actual performance against KPIs. Any adjustments between the actual amounts to be paid as determined by the Remuneration and Nomination Committee and the amounts accrued will be adjusted in the 2014 financial year. The minimum amount of the STI cash bonus, assuming that no executives meet their respective KPIs for the 2013 financial year, is nil.

COMPANY PERFORMANCE AND ITS LINK TO LONG TERM INCENTIVES

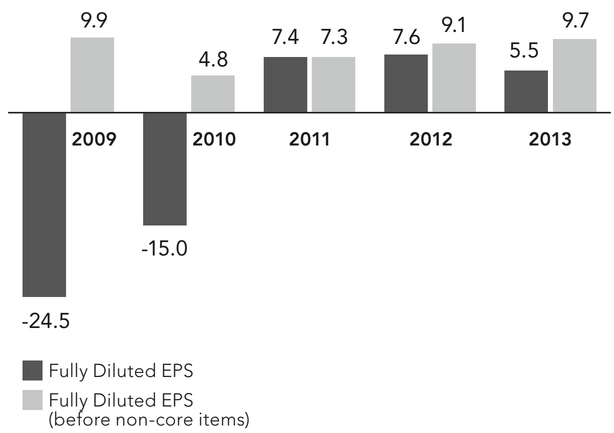
The Company has adopted the following performance measures for the vesting of LTI performance rights:

- core EPS (defined as statutory EPS before specific non-core items); and
- maintenance or growth of the power ratio greater than 1.

The following chart shows the Company's core EPS over the 5 year period from 1 July 2008 to 30 June 2013. Core EPS is defined as statutory EPS before non-core items.

Earnings per Share

(Cents per share)



LTI awards for 2013 financial year

During the year ended 30 June 2013 nil shares (2012: nil shares) were issued due to the exercise of performance rights. Details of the payments are disclosed in Table 1 below. The LTI remuneration for each KMP is set out in within Table 3 and Table 4 of this section.

Senior employees that were considered KMPs in FY 2012 and that departed the Company in July 2013 were not considered KMPs in FY 2013, as their responsibilities had diminished during the period.

The 2012 LTI plan included loans made to certain executives in 2007. The loans were interest free and the loan amount repayable by the executive was reduced on the basis of continued service with the Company. 20% of the original loan balance is forgiven on 1 July of each year if the executive remains employed with the Company at that date. If the executive terminated his or her employment during the five year period, the balance of the loan at the date of termination was repayable by the executive on the date of termination. No loans have been made under this plan subsequent to the 2007 financial year and the plan was finalised on 1 July 2012.

On 26 September 2012 the Board approved payment of $50,000 to Ms Emma McDonald as an STI for the 2012 Financial Year.

4. EXECUTIVE REMUNERATION OUTCOMES FOR 2013 (INCLUDING LINK TO PERFORMANCE) (CONTINUED)

REMUNERATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY AND THE GROUP

Table 1: Remuneration for the year ended 30 June 2013

	SHORT-TERM BENEFITS			POST EMPLOYMENT	LONG TERM BENEFITS		EQUITY SETTLED SHARE BASED PAYMENTS	TOTAL	PERFORMANCE RELATED
	SALARY & FEES FOR PARENT ENTITY(1) $	CASH BONUS $	NON-CASH BENEFITS(*) $	SUPER-ANNUATION $	OTHER LONG TERM BENEFITS(2) $	LOAN FORGIVENESS $	$		%
Non-executive directors									
P.J. Ramsay AO (Chairman)	128,750	–	–	–	–	–	–	128,750	0.0%
M.S. Siddle (Deputy Chairman)	94,495	–	–	8,505	–	–	–	103,000	0.0%
P.J. Evans	70,872	–	–	6,378	–	–	–	77,250	0.0%
A.A. Hamill	77,250	–	–	–	11,850	–	–	89,100	0.0%
I.P. Grier AM	70,872	–	–	6,378	–	–	–	77,250	0.0%
I.R. Neal	77,250	–	–	–	–	–	–	77,250	0.0%
Total non-executive directors	519,489	–	–	21,261	11,850	–	–	552,600	0.0%
Executive directors									
I. Audsley	797,688	460,000	57,395	16,470	3,214	–	198,054	1,532,821	42.9%
Other key management personnel									
D. Walker	380,872	212,388	133,728	16,470	1,397	–	65,493	810,348	34.3%
S. Wood	363,101	140,000	19,574	16,470	3,000	–	58,222	600,367	33.0%
G. Smith	314,797	89,108	28,572	16,470	–	74,768	–	523,715	17.0%
E. McDonald	354,934	50,000	–	16,470	593	–	13,953	435,950	14.7%
J. Palisi (Acting CFO from July 12, Appointed 1 October 2012)	299,112	120,000	–	16,470	1,174	–	27,905	464,661	31.8%
Total executive KMP	2,510,504	1,071,496	239,269	98,820	9,378	74,768	363,627	4,367,862	
Totals	3,029,993	1,071,496	239,269	120,081	21,228	74,768	363,627	4,920,462	

(*) Grossed Up Reportable Value

(1) The amounts disclosed under this category include annual leave accrued and long service leave taken for each KMP during the year by virtue of their service.

(2) The amounts disclosed under this category represent amounts that accrued to each KMP during the year by virtue of their service and do not represent payments made.

4. EXECUTIVE REMUNERATION OUTCOMES FOR 2013 (INCLUDING LINK TO PERFORMANCE) (CONTINUED)

REMUNERATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY AND THE GROUP

Table 2: Remuneration for the year ended 30 June 2012

	SHORT-TERM BENEFITS			POST EMPLOYMENT	LONG TERM BENEFITS				EQUITY SETTLED SHARE BASED PAYMENTS	TERMIN-ATION PAYMENTS	TOTAL	PERFOR-MANCE RELATED
	SALARY & FEES FOR PARENT ENTITY[1] $	CASH BONUS $	NON-CASH BENEFITS[*] $	SUPER-ANNUATION $	LONG SERVICE LEAVE[2] $	LOAN FORGIVENESS $	CASH BENEFITS[3] $	NON-CASH BENEFITS[*] $	$	$		%
Non-executive directors												
P.J. Ramsay AO (Chairman)	125,000	–	–	–	–	–	–	–	–	–	125,000	0.0%
M.S. Siddle (Deputy Chairman)	91,743	–	–	8,257	–	–	–	–	–	–	100,000	0.0%
P.J. Evans	68,807	–	–	6,193	–	–	–	–	–	–	75,000	0.0%
A.A. Hamill	75,000	–	–	–	9,600	–	–	–	–	–	84,600	0.0%
I.P. Grier AM	68,807	–	–	6,193	–	–	–	–	–	–	75,000	0.0%
I.R. Neal	75,000	–	–	–	–	–	–	–	–	–	75,000	0.0%
S.L. McKenna (departed 29 March 2012)	65,400	–	–	–	–	–	–	–	–	–	65,400	0.0%
Total non-executive directors	569,757	–	–	20,643	9,600	–	–	–	–	–	600,000	0.0%
Executive directors												
I. Audsley	738,989	360,000	13,171	15,775	2,366	–	250,000	–	67,573	–	1,447,874	29.5%
Other key management personnel												
D. Edwards	383,544	223,365	1,536	15,775	6,974	163,555	–	17,757	–	386,832	1,199,338	18.6%
L. Kennedy	331,631	120,000	–	15,775	486	–	45,368	–	–	–	513,260	23.4%
E. McDonald (Appointed 19 September 2011)	166,103	50,000	–	11,579	141	–	–	–	–	–	227,823	21.9%
G. Smith	325,887	89,252	22,182	15,775	4,068	65,422	–	7,103	–	–	529,689	16.8%
D. Walker	339,768	162,388	–	15,775	667	–	–	–	25,166	–	543,764	34.5%
S. Wood	307,790	100,000	25,608	15,775	414	–	–	–	22,841	–	472,428	26.0%
Total executive KMP	2,593,712	1,105,005	62,497	106,229	15,116	228,977	295,368	24,860	115,580	386,832	4,934,176	
Totals	3,163,469	1,105,005	62,497	126,872	24,716	228,977	295,368	24,860	115,580	386,832	5,534,176	

(*) Grossed Up Reportable Value

(1) The amounts disclosed under this category include annual leave that accrued to each KMP during the year by virtue of their service.

(2) The amounts disclosed under this category represent amounts that accrued to each KMP during the year by virtue of their service and do not represent payments made.

(3) The amounts disclosed under this category were cash based LTI payments made due to an employee share option plan that was terminated 30 June 2011.

	GRANTED		TERMS AND CONDITIONS FOR EACH GRANT					VESTED	
2013	NUMBER	GRANT DATE	FAIR VALUE PER PERFORMANCE RIGHT AT GRANT DATE ($)	EXERCISE PRICE PER PERFORMANCE RIGHT ($)	EXPIRY DATE	FIRST EXERCISE DATE	LAST EXERCISE DATE	NUMBER	%
Director									
Ian Audsley	700,000	28/11/2012	$0.6290	–	28/11/2015	28/11/2015	–	–	–
Executive									
Shane Wood	200,000	29/10/2012	$0.6236	–	29/10/2015	29/10/2015	–	–	–
Dave Walker	230,000	29/10/2012	$0.6236	–	29/10/2015	29/10/2015	–	–	–
John Palisi	200,000	29/10/2012	$0.6236	–	29/10/2015	29/10/2015	–	–	–
Emma McDonald	100,000	29/10/2012	$0.6236	–	29/10/2015	29/10/2015	–	–	–
Total	**1,430,000**	**–**	**–**						

2012	NUMBER	GRANT DATE	FAIR VALUE PER PERFORMANCE RIGHT AT GRANT DATE ($)	EXERCISE PRICE PER PERFORMANCE RIGHT ($)	EXPIRY DATE	FIRST EXERCISE DATE	LAST EXERCISE DATE	NUMBER	%
Director									
Ian Audsley	615,000	23/11/2011	0.5449	–	23/12/2014	23/11/2014	–	–	–
Executive									
Lesley Kennedy*	292,000	30/09/2011	0.5451	–	30/10/2014	30/09/2014	–	–	–
Shane Wood	167,000	30/09/2011	0.5451	–	30/10/2014	30/09/2014	–	–	–
Dave Walker	184,000	30/09/2011	0.5451	–	30/10/2014	30/09/2014	–	–	–
Total	**1,258,000**	**–**	**–**						

* Ms Kennedy departed as Chief Financial Officer on 31 July 2012 at which time her performance rights lapsed.

Table 4: Value of performance rights granted, exercised, lapsed or cancelled during the year

	VALUE OF PERFORMANCE RIGHTS GRANTED DURING THE YEAR $	VALUE OF PERFORMANCE RIGHTS EXERCISED DURING THE YEAR $	VALUE OF PERFORMANCE RIGHTS LAPSED DURING THE YEAR $	VALUE OF PERFORMANCE RIGHTS CANCELLED DURING THE YEAR $	REMUNERATION CONSISTING OF PERFORMANCE RIGHTS FOR THE YEAR %
Ian Audsley	440,300	–	–	–	–
Dave Walker	143,428	–	–	–	–
Shane Wood	124,720	–	–	–	–
John Palisi	124,720	–	–	–	–
Emma McDonald	62,360	–	–	–	–
Lesley Kennedy	–	–	292,000	–	–
Total	$895,528	–	292,000	–	–

For details on the valuation of the performance rights, including models and assumptions used, please refer to Note 28. There were no alterations to the terms and conditions of performance rights granted as remuneration since their grant date.

The maximum grant, which was payable assuming that all service and performance criteria were met, was equal to the number of rights granted multiplied by the fair value at the grant date. The minimum payable assuming that service and performance criteria were not met was nil.

5 EXECUTIVE CONTRACTS

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below:

CHIEF EXECUTIVE OFFICER ('CEO')

The CEO, Mr Audsley, is employed under a rolling contract. Under the terms of the present contract:

- The CEO receives fixed remuneration of $725,000 per annum.
- The CEO's maximum STI opportunity is 33.25% of annual TEC.
- The CEO is eligible to participate in the Company's LTI performance right plan on terms determined by the Board, subject to receiving the required or appropriate shareholder approval.
- The CEO is entitled to 6 weeks annual leave.
- The CEO may resign from his position and terminate his contract by giving 6 months written notice.
- The CEO's employment may be terminated by the Company providing 6 months written notice. The Company may elect to provide 6 months payment in lieu of the notice period, or a combination of notice and payment in lieu of notice. Payment in lieu of notice will be based on fixed remuneration and any short term incentive amounts for the prior year.
- The CEO's employment contract may be terminated by the Company at any time without notice if serious misconduct has occurred. Where termination with cause occurs the CEO is only entitled to that portion of his remuneration contract that is fixed, and only to the date of termination; and
- The Company or the CEO may terminate the contract within 6 months of the Company ceasing to be listed on the official list of the Australian Securities Exchange (ASX) or a material diminution in the CEO's functions, status or duties. In these circumstances, the Company must provide 12 months notice or 12 months payment in lieu of notice, or a combination of the two.

OTHER KEY MANAGEMENT PERSONNEL

All other KMP have rolling contracts with no fixed term except for Mr David Walker, Group General Manager Sales and Marketing, who is employed on a fixed term contract. Mr Walker is employed under a contract that expires on 30 September 2014 subject to earlier termination by either party giving no less than 9 months written notice. The parties have agreed that they will enter into negotiations from January 2014 with a view to settling a new agreement for the period commencing 1 October 2014. In the event of termination (with notice) by the Company, the Company has the discretion to pay in lieu all or part of the notice period. If the employment is terminated by the Company in the event of summary dismissal, Mr Walker only receives pay and leave entitlements accrued prior to the date of termination. From 1 July 2013, Mr Walker is entitled to an annual increase of his total salary package of no less than 5% of his base salary.

All other executive employment may be terminated by providing 6 months written notice or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration). Executives may terminate their employment agreements by providing 3-6 months written notice. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

Payment to outgoing executives

Mr Douglas Edwards, CEO of Television, received a termination payment of $386,832 provided for in the prior corresponding period. The Board acknowledges the regulations applying as a result of the termination cap legislation and confirms that all KMP contracts comply with this legislation.

6 NON-EXECUTIVE DIRECTOR'S REMUNERATION (INCLUDING STATUTORY REMUNERATION DISCLOSURES)

REMUNERATION POLICY

The Board seeks to aggregate remuneration at the level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of the aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NEDs of comparable companies. The Board also considers advice from external consultants when undertaking the annual review process. In accordance with the ASX listing rules, the aggregate fees for NEDs approved at the 2012 Annual General Meeting (AGM) was $600,000.

NED fees will not increase in the 2014 financial year other than by the statutory increase in compulsory employer superannuation contributions resulting in the aggregate fees for NEDs of $554,000, which is less than the determination made at the AGM held in November 2007 when shareholders approved an aggregate fee pool of $750,000 per annum (excluding superannuation and retirement benefits arising from the Directors' remuneration plan).

Structure

The remuneration of NEDs consists of directors' fees. Each director receives a fixed annual fee. One NED is currently entitled to benefits under the Directors Retirement Plan, approved by shareholders in November 1997. The Board agreed to discontinue the Directors Retirement Plan in the 2008 financial year for all new directors appointed after that date. These fees are summarised in Table 1 and 2 under section 4 above.

7 ADDITIONAL STATUTORY DISCLOSURES

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors have received and are satisfied with the 'Audit Independence Declaration' provided by Prime Media Group Limited's external auditors, Ernst & Young. The Audit Independence Declaration has been attached to the Directors' Report on the following page.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are 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 nature and scope of each type of non-audit service provided means that the auditor's independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

	$
Income Tax Return & GST compliance services	41,203
Advisory Services	78,866
Total	120,069

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Prime Media Group Limited support and have, unless otherwise disclosed in the corporate governance statement, adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the following section of this report.

Signed in accordance with a resolution of the directors.

P. J. Evans FCA
Director

Sydney, 28 August 2013

AUDITOR'S INDEPENDENCE DECLARATION

Building a better working world

Ernst & Young
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Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Prime Media Group Limited

In relation to our audit of the financial report of Prime Media Group Limited for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

David Simmonds
Partner
28 August 2013

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Company is responsible for the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. The Board guides and monitors the business and affairs of the Company and Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

Management recognise their responsibility in the implementation and maintenance of an effective system of corporate governance.

The Company's corporate governance practices were in place throughout the year ended 30 June 2013 and were compliant with the ASX CGC's principles and recommendations except as noted in this statement.

For further information on corporate governance policies adopted by Prime Media Group Limited, refer to our website www.primemedia.com.au.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

BOARD RESPONSIBILITIES

The Board is committed to effectively representing and promoting the Company and thereby adding long-term value to all shareholders. To assist the Board to discharge its responsibilities the Company has an established Board Charter that outlines the roles and responsibilities of the Board and its Committees. The Board Charter also outlines the operational structure that the Company is to follow.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- approval of strategic plans designed to meet stakeholders' needs and manage business risk;
- ongoing development of strategic plans and approving initiatives and strategies designed to ensure the continued growth and success of the entity; and
- implementation of budgets by management and monitoring progress against budget through the establishment and reporting of both financial and non-financial key performance indicators.

Other functions reserved to the Board include:

- approval of the annual and half-yearly financial reports;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestures;
- ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored; and
- reporting to shareholders.

The Board meets regularly and intends to meet at least six times each year. A director may at any time request the Company Secretary to convene a meeting of the Board.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Group, it makes use of two sub-committees, being an Audit and Risk Committee and a Remuneration and Nomination Committee to discharge its stewardship. Each Committee has adopted a formal charter setting out matters relevant to the composition, responsibilities and administration of the Committee.

All new directors are provided with a copy of the Board and Committee charter documents. The charter documents are available on the Company website www.primemedia.com.au.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

STRUCTURE OF THE BOARD

NAME	POSITION
Paul J. Ramsay AO	Non Executive Chairman (appointed 1985)
Michael S. Siddle	Non Executive Deputy Chairman (appointed 1985)
Peter J. Evans FCA	Non Executive Director (appointed 1991)
Alexander A. Hamill	Non Executive Director (appointed 2003)
Ian R. Neal	Non Executive Director (appointed 2008)
Ian P. Grier AM	Non Executive Director (appointed 2008)
Ian C. Audsley	Chief Executive Officer (appointed 16 June 2010) Executive Director (appointed 24 June 2010)

Details of the skills, experience and expertise relevant to the position of director held by each director are set out in the Directors' Report.

In order to achieve the objectives of the Board as stated above, the composition of the Board is determined by applying the following principles:

- The number of Board members will be a minimum of 3 members and a maximum of 12 members;
- The Board consists primarily of non-executive directors;
- The Chairman of the Board should be a non-executive director; and
- The directors should possess a broad range of skills, qualifications and experience.

BOARD INDEPENDENCE

The directors of the Company have an overriding duty to perform their duties in the best interests of the Company. Directors are required to declare potential conflicts of interest, interests in contracts, other directorships or offices held, potential related party transactions and the acquisition or disposal of Company shares.

Under the Board Charter, where a conflict of interest arises or a perceived conflict of interest exists, the director concerned declares the potential or perceived conflict of interest. The director is then excluded from all board discussions relating to the issue around which the conflict of interest has arisen.

ASX Recommendation 2.1 of the CGC recommends that a majority of the Board should be independent directors.

The Board considers an independent director to be a non-executive director who is not a member of management and is free of any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board considers the independence of its non-executive directors on an annual basis.

As at the date of this report, the Board consists of three independent non-executive directors (Alexander A. Hamill, Ian R. Neal and Ian P. Grier AM), three non-executive directors (Paul J. Ramsay AO, Michael S. Siddle, and Peter J. Evans FCA) and one executive director (Ian C. Audsley).

Although the Company has not complied with ASX CGC Recommendation 2.1, the Board considers that the non-executive directors, who do not meet the definition of independent director, have the management, corporate, financial and operational expertise and skills which are of particular relevance to their duties and functions as directors of the Company. Each of the non-independent non-executive directors have extensive experience in television and radio broadcasting having operated in these industries for up to 35 years.

CHAIRMAN INDEPENDENCE

The Board Charter sets out that the roles of Chairman and Chief Executive Officer are strictly separate positions and must not be exercised by the same individual.

The Chairman of the Board is Paul J. Ramsay AO. While Mr Ramsay's role as Chairman means that the Company does not satisfy ASX CGC Recommendation 2.2 (which states that the chair should be an independent director), the Company believes that Mr Ramsay's extensive experience in the television and media industry, and in business generally, is invaluable and that he brings to the Board quality and independent judgement to all relevant issues falling within the scope of the role of Chairman and that the Group as a whole benefits from his knowledge, experience and leadership.

BOARD COMPOSITION

Directors are appointed and removed in accordance with the Company's Constitution. Directors appointed to fill casual vacancies must offer themselves for re-election, and be elected, at the next following Annual General Meeting of the Company in order to continue in office. The Remuneration and Nomination Committee considers the skills and experience of nominees as required. At each Annual General Meeting, one third of the directors must resign and, in order to continue in office, must offer themselves for re-election and be elected at the meeting. No director shall serve more than three years without being a candidate for re-election.

PERFORMANCE EVALUATION

The Company has introduced new measures to evaluate the performance of directors and a formal induction process for new directors and key executives, which includes but is not limited to, new directors being given a comprehensive briefing on the Group's activities and operations by the Chief Executive Officer and Chief Financial Officer.

INDEPENDENT PROFESSIONAL ADVICE

Each director has full access to the Company Secretary and the right of access to all relevant Company information. Any director who requires legal advice in relation to the performance of his or her duties as a director of the Company is permitted to seek advice, on approval of the Chairman and all costs reasonably incurred are reimbursable by the Company. When the advice is received, it is made available to the full Board.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

The Company strives to act with honesty and integrity and to be a respected and valued operator in the media sector and the communities in which it operates. The Board and the Company's commitment to ethical and responsible decision making is reflected in the internal policies, guidelines and procedures.

ETHICAL CONDUCT

The Company promotes ethical and responsible behaviours for its directors and employees through a Code of Conduct, which was developed in accordance ASX CGC Recommendation 3.1, and a range of supporting internal policies and guidelines that apply to all companies within the Group. These guidelines outline the standards of honest, ethical and law abiding behaviour expected by the Company.

All parties are encouraged to address problems to the attention of management or the Board, where there may be non-compliance with the Code of Conduct and guidelines governing ethical and law abiding conduct.

The Code of Conduct is available to all staff and directors and is published on the Company's website.

The Company also requires all employees to undertake regular online training covering topics that promote their understanding of ethical and safe work practices and conduct. As part of its ongoing commitment to improved corporate governance disclosure, these policies and guidelines are published on the Company website.

DIVERSITY

The Group is committed to promoting a workplace that recognises and embraces the skills, perspectives and experiences that people bring to the Group through, among other things, their gender, age, origin, ethnicity, religion, culture, disability, education, life experience, work experience, personality, area of residence, marital status, carer responsibilities and sexual orientation.

The Group recognises the many benefits arising from workplace diversity. Drawing our workforce from a diverse pool allows us to recruit the best talent to deliver our strategy. The promotion of gender diversity encourages greater innovation, improves the Group's corporate image and reputation, enhances employee engagement and retention, and creates value for our customers and shareholders.

During the current year the proportion of women in key executive management positions was 18.0% (2012: 28.0%). As at 30 June 2013, women represented 53.0% of the Group's workforce (2012: 50.2%).

In 2012 the Group was assessed as compliant with the Equal Opportunity for Women in the Workplace Act 2010.

SECURITIES TRADING POLICY

Under the Company's Securities Trading policy, a director, executive or staff member must not trade in any securities of the Company at any time when they are in possession of unpublished, price sensitive information ('inside information') in relation to those securities.

Before undertaking any trading of securities in the Company, including the exercise of executive performance rights, an executive must first obtain approval of the Company Secretary and a director must first obtain approval of the Chairman.

The Group's Securities Trading policy, which is available at www.primemedia.com.au, outlines the key terms including "Closed Periods" during which Restricted Persons and their associates are not permitted to trade in Prime securities.

As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for assisting the Board in discharging its responsibilities to safeguard the integrity of the Company and the Group's financial reporting and system of internal control. A key function of the Audit and Risk Committee is to provide appropriate advice and recommendations to the Board to assist the Board to fulfil its corporate governance responsibilities in regard to financial reporting, the internal control environment and audit management across the Group. The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. For details regarding the Audit and Risk Committee's responsibilities to recognise and manage risk refer to Principle 7.

The Audit and Risk Committee must meet at least two times each year, but endeavours to meet 4 to 5 times each year.

Members of the Audit and Risk Committee must be a minimum of 3 non-executive directors and at least two members of the Committee must be independent. Details of the qualifications of the members of the Audit and Risk Committee, the number of meetings of the Audit and Risk Committee held during the current year and the attendees at those meetings are set out in the Directors' Report.

The Group's Auditor attended the Audit and Risk Committee meetings and reported to the Committee at those meetings. In addition, the directors considered and discussed numerous audit related matters during the course of directors' meetings held throughout the year and were in regular communication with the Company's Auditors to discuss and seek advice on specific matters concerning the Company's financial and reporting obligations.

CORPORATE GOVERNANCE STATEMENT

The Company has not complied with the ASX CGC Recommendation 4.2 as the Chairman of the Audit and Risk Committee, Mr Peter Evans, is not an independent director. The Board, having considered the functions and responsibilities of the Chairman of the Audit and Risk Committee and the qualifications and experience of Mr Evans, believe that Mr Evans is the most appropriate of the directors to be the Chairman of the Audit and Risk Committee. Mr Evans is a Fellow of the Institute of Chartered Accountants, with 40 years' experience in the accounting field, and a Board member on many of the subsidiaries' boards, giving him a comprehensive oversight of the risks facing the Group as whole.

Details of the qualifications of Audit and Risk Committee members are set out in the Directors' Report.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Board has established policies and procedures to ensure that the disclosure requirements of the ASX Listing Rules are adhered to. These policies are outlined in the Continuous Disclosure policy published on the Company website.

Established processes require that all disclosures relating to the release to the market of potentially price sensitive information must be reviewed by the Board and approved for release. The Chairman and Chief Executive Officer are the only parties approved to make public comment in relation to the financial disclosures of the Company.

The Board has an established practice whereby all proposed ASX releases are circulated to the Board for review and sign off prior to the release being made by the Company Secretary. The Board has also established a reporting process requiring the Company Secretary to report to the Board at each Board meeting of all disclosures made to the ASX under the Listing Rules.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

The Company acknowledges the importance of effective investor relations through providing clear communications and information channels for all shareholders. The Board aims to ensure that the shareholders are informed of all major developments affecting the Group's state of affairs. Communication of information to shareholders includes the following:

(1) The annual report is available to all shareholders. The Board ensures that the annual report includes relevant information about the operations of the Group during the year, changes in the state of affairs of the Group and details of future developments, in addition to the other disclosures required by the *Corporations Act 2001*;

(2) The half-yearly report contains summarised financial information and a review of the operations of the Group during the period. Half-year financial statements prepared in accordance with the requirements of the Accounting Standards and the *Corporations Act 2001* are lodged with the Australian Securities and Investments Commission and the ASX. The financial statements are sent to any shareholder who requests them;

(3) The Company ensures that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules;

(4) Notices of all general meetings are sent to all shareholders;

(5) The Company strives to communicate more effectively and has a corporate website, www.primemedia.com.au. The Company aims to ensure that all material releases to the ASX are also published on the Company's website in a timely manner after the release to the ASX has been confirmed; and

(6) The Board encourages full participation by shareholders at the Annual General Meeting.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

The Board oversees the establishment, implementation and review of the Group's risk management practices and is responsible for ensuring that the Group takes a proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Company's approach to creating long-term shareholder value.

The Board has established an Audit and Risk Committee, which is responsible to the Board, for ensuring that the Group maintains effective risk management and an internal compliance and control framework. The Chief Executive Officer and the Executive Risk Management Committee are tasked with implementing the Company's risk management framework and continuously improving the internal control environment. The reporting of risk management is a standard agenda item at all regular Audit and Risk Committee and Board meetings.

Risk management focuses on strategic, financial, operational and legal/compliance risks through the following compliance and control systems:

- requiring management to supply comprehensive financial and operational reports, which specifically highlight variances and areas of potential exposure;
- requiring actual results to be reported against budgets approved by the directors and revised forecasts for the year to be prepared regularly. The Company has a comprehensive budgeting system with an annual budget approved by the directors. Actual results against budget and revised forecasts for the year are prepared and supplied to the Board at least monthly;
- requiring Board approval for significant capital expenditure and expenditure on revenue account. Procedures adopted in this regard include annual budgets, detailed appraisal and review prior to major expenditure or commitments, and comprehensive due diligence requirements where businesses are being acquired or strategic alliances are being entered into;
- monitoring and reviewing continuous disclosure (refer to comments under Principle 5 relating to disclosure);
- instigating an action plan or policy as soon as a risk is identified and monitoring its implementation;
- implementing workplace health and safety strategies and management systems (including monitoring and review procedures) in all business segments to achieve high standards of performance and compliance with regulations;
- promoting risk identification and management within the Group as a significant obligation of every employee; and
- including in the responsibilities of the roles of Chief Executive Officer and the Executive Risk Management Committee, identification of risks affecting each business segment and the development of strategies to minimise those risks.

The Company does not have an internal audit function. The Board believes that the size and nature of the Company's operations currently do not warrant a separate internal audit function.

For the purposes of assisting investors to understand better the nature of the risks faced by the Company, the Board has prepared a list of operational risks as part of the Principle 7 disclosures. The Board notes however that this does not necessarily represent an exhaustive list and that it may be subject to change based on underlying market events:

- fluctuations in consumer demand that impact advertising market revenues;
- change to the operating, market or regulatory environment as a result of changes in government media policy;
- impact of new media technologies;
- the occurrence of force majeure events that may affect our significant suppliers; and
- increasing costs of operations, including labour costs.

CEO AND CFO CERTIFICATION

In accordance with section 295A of the Corporations Act, the Chief Executive Officer and the Chief Financial Officer have provided a written statement to the Board that:

- their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating effectively in all material respects.

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

REMUNERATION AND NOMINATION COMMITTEE

The Company has established a Remuneration and Nomination Committee. The Committee is governed by its charter which is published on the Company website.

Details of the number of meetings of the Remuneration and Nomination Committee held during the year and the attendees at those meetings are set out in the Directors' Report.

The Remuneration and Nomination Committee reviews the remuneration arrangements and employment conditions applicable to executives and any executive directors. In making determinations, regard is had to comparable industry or professional salary levels, and to the specific performance of the individuals concerned. The Company clearly distinguishes the structure of non-executive directors' remuneration (paid in the form of a fixed fee) and that of any executive director and executives.

The remuneration of managers and staff other than executives and executive directors is within the authority of the Chief Executive Officer. The Chief Executive Officer has discretion in regard to the remuneration of individual managers subject to the proviso that the overall level of remuneration is within budget guidelines as approved by the Board.

The Remuneration and Nomination Committee regularly reviews the effectiveness of the long term incentive schemes to ensure that the structure remains effective. Recommendations in respect of the granting of incentives under any long term incentive schemes are made by the Remuneration and Nomination Committee to the Board. In accordance with the ASX Listing Rules, performance rights issued to executive directors are required to be approved by shareholders in general meeting.

A full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives during the year is set out in the Remuneration Report, which comprises part of the Directors' Report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	NOTES	CONSOLIDATED 2013 $'000	2012 $'000
CONTINUING OPERATIONS			
Revenue and other income			
Revenue from services	5(a)	**253,241**	248,890
Interest income	5(a)	**332**	693
Other income	5(a)	**3,688**	3,151
Total revenue and other income		**257,261**	252,734
Cost of sales		**(133,979)**	(128,164)
Gross profit		**123,282**	124,570
Broadcasting and transmission expenses		**(42,455)**	(42,521)
Sales, marketing and administration expenses		**(16,274)**	(16,942)
Depreciation, amortisation and impairment expenses		**(9,165)**	(10,378)
Finance costs	5(b)	**(7,965)**	(10,486)
Share of associate losses	14(d)	**(1,548)**	(1,198)
Profit from continuing operations before income tax		**45,875**	43,045
Income tax expense	6(b)	**(12,267)**	(12,235)
Profit for the year from continuing operations		**33,608**	30,810
DISCONTINUING OPERATIONS			
Loss after tax for the year from discontinued operations	8(b)	**(13,397)**	(3,128)
Profit for the year		**20,211**	27,682
Other comprehensive income			
– Net gain on available for sale financial asset		**499**	–
– Income tax relating to the components of other comprehensive income		**–**	–
Other comprehensive income for the year, net of tax		**499**	–
Total comprehensive income for the year, net of tax		**20,710**	27,682
Profit attributable to:			
Owners of the Parent		**20,710**	27,682
		20,710	27,682
Total comprehensive income attributable to:			
Owners of the Parent		**20,710**	27,682
		20,710	27,682
Basic Earnings per share (cents per share)			
– profit for the year	9	**5.5**	7.6
– profit from continuing operations	9	**9.2**	8.4
Diluted Earnings per share (cents per share)			
– profit for the year	9	**5.5**	7.6
– profit from continuing operations		**9.2**	8.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	NOTES	CONSOLIDATED 2013 $'000	2012 $'000
ASSETS			
CURRENT ASSETS			
Cash and short term deposits	11	**10,326**	8,916
Trade and other receivables	12	**57,937**	61,299
Intangible assets	18	**400**	400
Other assets	13	**1,303**	2,057
		69,966	72,672
Assets classified as held for sale		**25,228**	–
Total Current Assets		**95,194**	72,672
NON-CURRENT ASSETS			
Receivables	12	**178**	171
Investment in available-for-sale financial assets	16	**2,507**	2,007
Property, plant and equipment	17	**43,595**	49,986
Deferred tax assets	6	**6,111**	7,676
Intangible assets and goodwill	18	**196,894**	227,015
Other assets	13	**1,183**	1,265
Total Non-Current Assets		**250,468**	288,120
Total Assets		**345,662**	360,792
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	19	**37,474**	61,384
Interest-bearing loans and borrowings	20	**252**	1,629
Current tax liabilities	6	**7,210**	10,235
Provisions	21	**1,432**	2,567
Derivative financial instruments	24	**–**	573
		46,368	76,388
Liabilities directly associated with assets classified as held for sale		**2,497**	–
Total Current Liabilities		**48,865**	76,388
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	20	**142,023**	123,896
Provisions	21	**394**	481
Total Non-Current Liabilities		**142,417**	124,377
Total Liabilities		**191,282**	200,765
Net Assets		**154,380**	160,027
EQUITY			
Equity attributable to equity holders of the parent interest			
Contributed equity	22	**310,262**	310,262
Reserves	23	**919**	35
Accumulated losses	23	**(156,801)**	(150,270)
Parent Interests		**154,380**	160,027
Total Equity		**154,380**	160,027

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2013

	ISSUED CAPITAL $'000	ACCUMULATED LOSSES $'000	EMPLOYEE BENEFITS RESERVE $'000	GENERAL RESERVE $'000	TOTAL PARENT ENTITY INTEREST $'000	NON-CONTROLLING INTEREST $'000	TOTAL $'000
At 1 July 2012	**310,262**	**(150,270)**	**2,822**	**(2,787)**	**160,027**	**–**	**160,027**
Profit for the period	**–**	**20,211**	**–**	**–**	**20,211**	**–**	**20,211**
Other comprehensive income	**–**	**–**	**–**	**499**	**499**	**–**	**499**
Total comprehensive income and expense for the period	**–**	**20,211**	**–**	**499**	**20,710**	**–**	**20,710**
Transactions with equity holders in their capacity as equity holders:							
Share based payments	**–**	**–**	**385**	**–**	**385**	**–**	**385**
Dividends on ordinary shares	**–**	**(26,742)**	**–**	**–**	**(26,742)**	**–**	**(26,742)**
At 30 June 2013	**310,262**	**(156,801)**	**3,207**	**(2,288)**	**154,380**	**–**	**154,380**

AS AT 30 JUNE 2012

	ISSUED CAPITAL $'000	ACCUMULATED LOSSES $'000	EMPLOYEE BENEFITS RESERVE $'000	GENERAL RESERVE $'000	TOTAL PARENT ENTITY INTEREST $'000	NON-CONTROLLING INTEREST $'000	TOTAL $'000
At 1 July 2011	310,262	(157,071)	2,709	(2,787)	153,113	–	153,113
Profit for the period	–	27,682	–	–	27,682	–	27,682
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income and expense for the period	–	27,682	–	–	27,682	–	27,682
Transactions with equity holders in their capacity as equity holders:							
Share based payments	–	–	113	–	113	–	113
Dividends on ordinary shares	–	(20,881)	–	–	(20,881)	–	(20,881)
At 30 June 2012	310,262	(150,270)	2,822	(2,787)	160,027	–	160,027

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	NOTES	CONSOLIDATED 2013 $'000	2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**302,741**	295,709
Payments to suppliers and employees (inclusive of GST)		**(257,356)**	(230,506)
Interest received		**341**	725
Borrowing costs paid		**(8,314)**	(10,960)
Income tax refunds received		**255**	735
Income tax paid		**(14,942)**	(7,165)
NET CASH FLOWS FROM OPERATING ACTIVITIES	11	**22,725**	48,538
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**44**	50
Purchase of property, plant & equipment and intangible assets		**(9,203)**	(13,195)
Proceeds from sale of available-for-sale financial assets		**215**	2,785
Proceeds from sale of business operations – deferred contingent consideration		**352**	–
Proceeds from/Payment of deferred settlement for acquisition of subsidiaries and related business assets		**–**	1,049
Loan funds to related entities		**(2,352)**	(290)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(10,944)**	(9,601)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**167,500**	217,000
Repayments of borrowings		**(149,500)**	(243,000)
Debt facility establishment fees		**–**	(1,989)
Finance lease liability payments		**(1,629)**	(582)
Dividends paid		**(26,742)**	(20,881)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(10,371)**	(49,452)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,410**	(10,515)
Cash and cash equivalents at beginning of period		**8,916**	19,374
Net foreign exchange differences		**–**	57
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	**10,326**	8,916

1 CORPORATE INFORMATION

The consolidated financial report of Prime Media Group Limited (the "Company") for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 28 August 2013.

Prime Media Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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(A) BASIS OF PREPARATION

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements from the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for derivative financial instruments, land and buildings, available-for-sale investments, and investments in associates that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

(B) STATEMENT OF COMPLIANCE WITH IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(C) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES.

The accounting policies adopted are consistent with those of the previous financial year except as follows. The Group has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2012:

- AASB 112 *Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets*; and
- *Improvements to AASBs* (May 2010).

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

AASB 112 *INCOME TAXES (AMENDMENT) – DEFERRED TAXES: RECOVERY OF UNDERLYING ASSETS*

The Amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in AASB 140 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in AASB 116 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and has no effect on the Group's financial position, performance or disclosures.

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective, have not been adopted by the Group for the annual reporting period ended 30 June 2013. These are outlined in the table below.

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD	IMPACT ON GROUP FINANCIAL REPORT	APPLICATION DATE FOR GROUP
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities*. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.	1 January 2013	The Group has determined that the amendment will not have a material impact.	1 July 2013
AASB 11	Joint Arrangements	AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly-controlled Entities – Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves are accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets are accounted for using the equity method. Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.	1 January 2013	The Group has determined that the amendment will not have a material impact.	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.	1 January 2013	The Group has not yet determined the full extent of the impact of the amendments, but does not believe it will have a material impact.	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	The Group has determined that the amendment will not have a material impact.	1 July 2013
AASB 119	Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans are recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	The Group has determined that the amendment will not have a material impact.	1 July 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD	IMPACT ON GROUP FINANCIAL REPORT	APPLICATION DATE FOR GROUP
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.	1 January 2013	The Group has not yet determined the full extent of the impact of the amendments, but does not believe it will have a material impact.	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2013	The Group has not yet determined the full extent of the impact of the amendments, but does not believe it will have a material impact.	1 July 2013
Annual Improvements 2009–2011 Cycle	Annual Improvements to IFRSs 2009–2011 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: IFRS 1 *First-time Adoption of International Financial Reporting Standards* • Repeated application of IFRS 1 • Borrowing costs IAS 1 *Presentation of Financial Statements* • Clarification of the requirements for comparative information IAS 16 *Property, Plant and Equipment* • Classification of servicing equipment IAS 32 *Financial Instruments: Presentation* • Tax effect of distribution to holders of equity instruments IAS 34 *Interim Financial Reporting* • Interim financial reporting and segment information for total assets and liabilities	1 January 2013	The Group has determined that the amendment will not have a material impact.	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	The Group has not yet determined the full extent of the impact of the amendments, but does not believe it will have a material impact	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: • Repeat application of AASB 1 is permitted (AASB 1) • Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).	1 January 2013	The Group has not yet determined the full extent of the impact of the amendments, but does not believe it will have a material impact	1 July 2013
AASB 2012-9	Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039	AASB 2012-9 amends AASB 1048 Interpretation of Standards to evidence the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia.	1 January 2013	The Group has not yet determined the full extent of the impact of the amendments, but does not believe it will have a material impact	1 July 2013

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD	IMPACT ON GROUP FINANCIAL REPORT	APPLICATION DATE FOR GROUP
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013	The Group has not yet determined the full extent of the impact of the amendments, but does not believe it will have a material impact	1 July 2013
AASB 1053	Application of Tiers of Australian Accounting Standards	This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this standard) (b) The Australian Government and State, Territory and Local governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.	1 July 2013	The Group has not yet determined the full extent of the impact of the amendments, but does not believe it will have a material impact	1 July 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD	IMPACT ON GROUP FINANCIAL REPORT	APPLICATION DATE FOR GROUP
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: The change attributable to changes in credit risk are presented in other comprehensive income (OCI); The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 January 2015	The Group has not yet determined the full extent of the impact of the amendments, but does not believe it will have a material impact	1 July 2015

(D) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Prime Media Group Limited and its subsidiaries (as outlined in Note 31) as at and for the year ended 30 June 2013. Interests in associates are equity accounted and are not part of the consolidated Group (see Note 14).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Prime Media Group Limited are accounted for at cost in the financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of the reserves in the statement of comprehensive income of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable intangible assets acquired, the liabilities assumed and non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see Note (e)).

The difference between the above items and fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of, is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences, recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings, as appropriate.

(E) BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that are deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of AASB 139, it is measured in accordance with the appropriate AASB. If the contingent consideration is classified as equity, it will not be remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(F) INVESTMENTS IN ASSOCIATES

The Group's investments in its associates are accounted for using the equity method. The associates are entities in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The income statement reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of the income statement and represents profit or loss after tax and non controlling interests in the subsidiaries of the associate. The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of associate losses" in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(G) FOREIGN CURRENCY TRANSLATION

The Group's consolidated financial statements are presented in Australian dollars (A$). Each overseas entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

(i) TRANSACTIONS AND BALANCES

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operations and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(ii) GROUP COMPANIES

On consolidation the assets and liabilities of foreign operations are translated into the presentation currency of Prime Media Group Limited at the rate of exchange prevailing at the reporting date and their income statements are translated at the weighted average exchange rates for the period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

(H) REVENUE RECOGNITION

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

ADVERTISING REVENUE

Broadcasting operations derive revenue primarily from the sale of advertising time to local, regional and national advertisers. Revenue is recognised when the commercial advertisements are broadcast.

COMMERCIAL ADVERTISEMENT PRODUCTION REVENUE

Revenue is recognised at the time of invoicing the customers, which is on completion of the production.

RENDERING OF SERVICES

Revenue from the provision of production facilities is brought to account after services have been rendered and the fee is receivable.

SALES REPRESENTATION REVENUE

Sales Representation revenue is brought to account as the service is provided.

INTEREST INCOME

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

DIVIDENDS

Dividend revenue is recognised when the Group's right to receive the payment is established.

RENTAL INCOME

Rental income is derived from the sub-letting of the Group's property, plant and equipment. This rental income is recognised on a straight line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives are recognised as an integral part of the total rental income.

(I) GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions have been complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the Group receives non-monetary grants, the assets and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

(J) TAXES

(i) CURRENT INCOME TAX

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

(ii) DEFERRED INCOME TAX

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

(K) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinuing operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

(L) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repairs and maintenance are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 3) and provisions (Note 21) for further information about the recorded decommissioning provision.

Land and buildings are measured at cost less accumulated depreciation on buildings.

Depreciation is calculated on a straight-line basis on all property, plant and equipment, other than freehold and leasehold land, over the estimated useful life of the assets as follows:

MAJOR DEPRECIATION PERIODS ARE:	
– Land:	Not depreciated
– Freehold buildings:	40 years
– Leasehold improvements:	The lease term
– Plant and equipment:	3 to 15 years
– Plant and equipment under lease:	5 to 15 years
– Motor vehicles:	6 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(M) LEASES

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) GROUP AS A LESSEE

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at commencement of the lease at the fair value of the leased property or, if lower, at present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

(ii) GROUP AS A LESSOR

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(N) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the periods in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(O) INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from indefinite to finite is accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Business software, development and websites

Business software, development and website costs are capitalised based on management's judgement that key milestones for the developments have been achieved. In determining the amounts to be capitalised, management makes assumptions regarding the future cash to be generated from the asset, discount rates to be applied and the expected period of benefits.

Television and Radio Broadcast Licences, acquired both separately and as part of a business combination

Television and Radio broadcast licences consist of the right to broadcast television and radio services to specific market areas. The licences are subject to renewal by the Australian Communications and Media Authority (ACMA). The directors have no reason to believe the licences will not be renewed at the end of their legal terms and have not identified any factor that would affect their useful life. Therefore, the television and radio licences are deemed to have indefinite useful lives.

A summary of the policies applied to the Group's intangible assets is as follows:

	TELEVISION AND RADIO BROADCAST LICENCES	BUSINESS SOFTWARE, DEVELOPMENT, WEBSITES, PROGRAM BROADCAST RIGHTS AND INFRASTRUCTURE ACCESS LICENCE
Useful lives:	Indefinite	Finite
Amortisation method used:	Not amortised or revalued	Amortised on a straight-line basis over the period of the expected future benefit
Internally generated or acquired:	Acquired	Internally generated / Acquired

(P) FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

(i) FINANCIAL ASSETS

Initial recognition and measurement

Investments and financial assets in the scope of AASB 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB139. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in reserves until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from reserves to the income statement in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

(ii) IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

(iii) FINANCIAL LIABILITIES

Initial recognition and measurement

Investments and financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, described as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 139.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(iv) OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(v) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques include:

- using recent arm's length market transactions;
- reference to the current fair value of another instrument that is substantially the same; and
- a discounted cash flow analysis or other valuation models.

(Q) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

The Group uses derivative financial instruments, as necessary, such as interest rate swaps to manage its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement.

The fair values of interest rate swap contracts are determined by reference to market values for similar instruments.

(R) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the income statement in expense categories consistent with the function of the impaired asset, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

GOODWILL

Goodwill is tested for impairment annually as at 30 June and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(S) CASH AND SHORT TERM DEPOSITS

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and short term deposits consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

(T) PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

PROVISION FOR ASSET DECOMMISSIONING

The Group records a provision for decommissioning costs of analogue transmitters and related assets. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

WAGES, SALARIES, ANNUAL LEAVE AND SICK LEAVE

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

LONG SERVICE LEAVE

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(U) SHARE-BASED PAYMENTS

Employees (including senior executives) of the Group receive remuneration in the form of performance rights which are share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

EQUITY-SETTLED TRANSACTIONS

The cost of equity-settled transactions is recognised, together with a corresponding increase in employee benefits reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee, as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding performance rights is reflected as additional share dilution in the computation of diluted earnings per share (see Note 9).

(V) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less an allowance for impairment. Credit terms, generally 30 – 45 days, may be extended based upon an assessment of the credit standing of each customer.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Objective evidence may be in the form of, but not limited to, legal rulings and determinations, defaults on agreed payment plans and age of debtors.

(W) TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually settled within 30 days of recognition.

(X) CONTRIBUTED EQUITY

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

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

OPERATING LEASE COMMITMENTS – GROUP AS LESSEE

The Group has entered into operating leases that have an average lease term of 3 years for Motor Vehicles, 3 year (+ 3 year options) for building leases, and 5-15 years for transmission site access agreements. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it does not retain all the significant risks and rewards of ownership of these sites and equipment and accounts for the contracts as operating leases.

OPERATING LEASE COMMITMENTS – GROUP AS LESSOR

The Group has entered into site sharing agreements in relation to transmission sites and equipment it owns. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these sites and equipment and accounts for the contracts as operating leases.

DISCONTINUED OPERATIONS

On 12 August 2013, the board of directors announced its decision to dispose of the Group's radio group and therefore, classified the segment as a disposal group held for sale. The Board considered the subsidiaries met the criteria to be classified as held for sale at the reporting date for the following reasons:

- the radio group was available for immediate sale at the reporting date to a potential buyer in its current condition; and
- the Board had a plan to sell the radio group at the reporting date and had entered into preliminary non-binding discussions with a potential buyer. The Board has since announced that the sale is expected to be completed by 30 August 2013.

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

IMPAIRMENT OF NON-FINANCIAL ASSETS

An impairment exists when the carrying value of an asset or cash generating unit exceeds the recoverable value amount which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding arms length transactions of similar assets or observable market prices less incremental costs for disposing of the assets. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the assets performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the future cash inflows and the growth rate for extrapolation purposes. The key assumptions used to determine the recoverable amount for different CGUs, including a sensitivity analysis, are further explained at Note 18.

IMPAIRMENT OF INVESTMENTS IN FINANCIAL ASSETS (INCLUDING ASSOCIATES)

The Group assesses impairment of investments in financial assets including associates at each reporting date in accordance with the measurement rules established in the accounting standards.

For financial assets determined to be associates, the Group assesses at each balance date the circumstances and conditions specific to that associate. These include operating performance, market and environmental factors. If management believes that an impairment trigger exists then the recoverable value of the investment in the associate is determined.

RENEWAL OF BROADCASTING LICENCES

The Group's television and radio broadcasting licences consist of the right to broadcast television and radio services to specific market areas. These licences are issued by the relevant broadcasting authority for periods of 5 years. The ownership and renewal processes of these licences is such that in the absence of major breaches of licensing and broadcasting regulations, licence renewal is virtually guaranteed for the existing licence holders.

CLASSIFICATION OF ASSETS AND LIABILITIES AS HELD FOR SALE

The Group classifies assets and liabilities as held for sale when the carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Group must be committed to selling the asset either through entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets and liabilities.

IMPAIRMENT OF GOODWILL AND INTANGIBLES WITH INDEFINITE USEFUL LIVES

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in Note 18.

VALUATION OF INVESTMENTS

The Group has decided to classify investments in listed and unlisted securities as "available-for-sale" investments and movements in fair value are recognised directly in equity. The fair value of listed shares has been determined by reference to published price quotations in an active market.

The fair values of unlisted securities not traded in an active market are determined using valuation assumptions that are not observable market prices or rates. Future likely cash flows are determined to most likely arise from the disposal of the securities. Disposal cash flows are determined using earnings before interest, tax, depreciation and amortisation ('EBITDA') multiples and compared to similar companies with observable market sales data.

PROVISION FOR DECOMMISSIONING COSTS

The Group has recognised a provision for decommissioning obligations associated with the switch off of analogue transmission. These costs are recognised as part of the cost of the asset and are depreciated over the remaining useful life of the asset. Assumptions and estimates are made in relation to the expected cost to dismantle and remove the analogue transmission equipment from each site and the timing of those costs. The carrying amount of the provision as at 30 June 2013 was $944,000 (2012: $492,000).

SHARE-BASED PAYMENT TRANSACTIONS

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, using the assumptions detailed in Note 28.

FAIR VALUE OF FINANCIAL DERIVATIVES

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

TAXES

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent management considers it is probable that future taxable profits will be available to utilise those temporary differences.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds available-for-sale investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group manages its exposure to key financial risks including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The Group also enters into derivative transactions, including interest rate swaps. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. The main risks arising from the Group's financial instruments are cash flow risk, interest rate risk, liquidity risk, foreign currency risk and credit risk.

The Board of directors reviews and agrees policies for managing each of these risks which are summarised below.

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 30 June 2013 and 2012.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates as well as derivative interest rate swap contracts. The level of debt is disclosed in Note 20.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated as cash flow hedges:

	CONSOLIDATED	
	2013 $'000	2012 $'000
Financial Assets		
Cash and short-term deposits	**10,326**	8,916
	10,326	8,916
Financial Liabilities		
Secured bank loans	**(141,105)**	(122,726)
Derivatives	**–**	(573)
	(141,105)	(123,299)
Net exposure	**(130,779)**	(114,383)

Interest rate swap contracts outlined in Note 24, with a fair value liability of $Nil (2012: Liability $573,000), are exposed to fair value movements if interest rates change. All derivative financial instruments are stated at fair value with any gains or losses arising from changes in fair value being taken directly to the income statement.

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date:

At 30 June 2013, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

JUDGEMENTS OF REASONABLY POSSIBLE MOVEMENTS:	POST TAX PROFIT HIGHER/(LOWER)		EQUITY HIGHER/(LOWER)	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Consolidated				
+0.5% (50 basis points)	**(458)**	(315)	**–**	–
-0.5% (50 basis points)	**458**	315	**–**	–

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Significant assumptions used in the interest rate sensitivity analysis include:

- Reasonable movements in interest rates were determined based on the Group's current credit rating and mix of debt in Australia and foreign countries, relationships with financial institutions, the level of debt that is expected to be renewed and economic forecaster's expectations.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in different currency from the Group's functional currency) and the Group's net investment in foreign subsidiaries.

The Group operates in Australia and New Zealand. The majority of transactions for the Group entities are made in the functional currency of the relevant entity.

From time to time the Group enters into transactions that give rise to currency exposure risks. Such currency exposures arise from purchases in currencies other than the Group's functional currency. The Group reviews the transactional currency risks arising from significant foreign currency transactions and enters into appropriate forward currency contracts to reduce currency risks. The Group also has foreign currency translation risk where the operations of the foreign based subsidiaries are translated to the Group's reporting currency.

At 30 June 2013, the Group had the following exposure to NZ$ foreign currency that is not designated as cash flow hedges:

	CONSOLIDATED	
	2013 $'000	2012 $'000
Financial Assets		
Receivables – Deferred contingent consideration	**134**	166
Net exposure	**134**	166

As at balance date, the Group does not have any forward currency contracts (2012: Nil) designated as cash flow hedges that are subject to fair value movements through equity and profit and loss respectively as foreign exchange rates move. As at 30 June 2013, apart from the foreign currency translation risks within the Group, there were no other exposures to currency fluctuations.

The foreign currency exposures within the Group relate to the translation to the Group presentation currency of AUD. These translation differences are taken to the income statement.

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

TRADE RECEIVABLES

Customer credit risk is managed by each business unit subject to the Group's established policies, procedures and control relating to customer credit risk management.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Board. These risk limits are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed at Note 12. The Group does not hold collateral as security.

A small number of media buying agencies account for approximately 75% of Prime's revenue and no individual agency accounts for more than 15% of the Group's revenue. Agency clients operate with strict credit terms of 45 days and are required to provide detailed financial information as part of their credit approval process. Late payments are closely monitored and followed up if the 45 day terms are not met.

The Group maintains cash on deposit only with major Australian banks or similar in countries of operation.

LIQUIDITY RISK

The Group manages its liquidity risk by monitoring the total cash inflows and outflows expected on a weekly basis. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, debentures, finance leases and hire purchase agreements. The Group currently has funding through:

- $200 million Debenture Subscription Facility (2012: $200 million), which is currently drawn to 71% of the facility limit (2012: 62%); and
- Long Term finance lease contracts over specific items of plant and equipment.

Currently the Group secures up to 77.5% of the drawn down balance of the Debenture Subscription Facility for 6 monthly periods. In addition to maintaining sufficient liquid assets to meet short-term payments, at balance date, the Group has available approximately $58 million of undrawn committed borrowing facilities, subject to continued compliance with the bank loan covenants. The facility is repayable in full on expiry on 28 October 2015. Interest will be charged at a rate of BBSY plus a margin between 1.70% and 2.60%.

At 30 June 2013, 0.2% of the Group's debt will mature in less than one year.

The remaining contractual maturities of the Group's financial assets and liabilities are:

YEAR ENDED 30 JUNE 2013	≤ 6 MONTHS $'000	6 – 12 MONTHS $'000	1 – 5 YEARS $'000	> 5 YEARS $'000	TOTAL $'000
Financial assets					
Cash and cash equivalents	**10,326**	**–**	**–**	**–**	**10,326**
Trade and other receivables	**57,937**	**–**	**178**	**–**	**58,115**
Asset classified as held for sale	**25,228**	**–**	**–**	**–**	**25,228**
	93,491	**–**	**178**	**–**	**93,669**
Financial liabilities					
Trade and other payables	**(37,474)**	**–**	**–**	**–**	**(37,474)**
Liabilities associated with assets classified as held for sale	**(2,497)**	**–**	**–**	**–**	**(2,497)**
Interest bearing loans and borrowings	**(3,388)**	**(3,405)**	**(142,152)**	**–**	**(148,945)**
Financial derivatives	**–**	**–**	**–**	**–**	**–**
	(43,359)	**(3,405)**	**(142,152)**	**–**	**(188,916)**
Net inflow/(outflow)	**50,132**	**(3,405)**	**(141,974)**	**–**	**(95,247)**

YEAR ENDED 30 JUNE 2013	≤ 6 MONTHS $'000	6 – 12 MONTHS $'000	1 – 5 YEARS $'000	> 5 YEARS $'000	TOTAL $'000
Financial assets					
Cash and cash equivalents	8,916	–	–	–	8,916
Trade and other receivables	61,299	–	171	–	61,470
	70,215	–	171	–	70,386
Financial liabilities					
Trade and other payables	(61,384)	–	–	–	(61,384)
Interest bearing loans and borrowings	(4,233)	(4,251)	(124,110)	–	(132,594)
	(65,617)	(4,251)	(124,110)	–	(193,978)
Net inflow/(outflow)	4,598	(4,251)	(123,939)	–	(123,592)

5 INCOME AND EXPENSES

	CONSOLIDATED 2013 $'000	2012 $'000
INCOME AND EXPENSES FROM CONTINUING OPERATIONS		
(A) INCOME		
Advertising revenue	**253,241**	248,890
Finance income	**332**	693
Other revenue	**3,688**	3,151
	257,261	252,734
Breakdown of finance income:		
Interest received – other persons	**332**	693
	332	693
Breakdown of other income:		
Government grants	**2,097**	1,429
Other revenues	**1,591**	1,722
	3,688	3,151
(B) FINANCE EXPENSES		
Interest expense – other persons	**7,965**	10,496
Effective interest rate adjustments	**–**	(10)
	7,965	10,486
(C) EMPLOYEE BENEFIT EXPENSE		
Wages and salaries	**34,715**	35,334
Superannuation expense	**2,639**	2,628
Share based payments expense	**385**	113
Other employee benefits expense	**1,112**	1,653
	38,851	39,728
(D) OTHER EXPENSES		
Bad and doubtful debts – trade debtors	**238**	246
Minimum lease payments – operating leases	**15,523**	15,352

6 INCOME TAX

	CONSOLIDATED	
	2013 $'000	**2012 $'000**
A) INCOME TAX EXPENSE		
The major components of income tax expense are:		
STATEMENT OF COMPREHENSIVE INCOME		
Current income tax		
– Current income tax charge	**12,119**	13,305
– Adjustments in respect of current income tax of previous years	**(616)**	(964)
– Income tax expense on discontinuing operations	**714**	1,019
Deferred income tax		
– Relating to origination and reversal of temporary differences	**2,724**	97
– Adjustments in respect of deferred income tax of previous years	**(377)**	408
– Net DTA not previously recognised due to accumulated loss position of subsidiary	**(1,583)**	(611)
– Income tax expense/(benefit) on discontinuing operations	**46**	(14)
INCOME TAX EXPENSE	**13,027**	13,240
Aggregate income tax expense attributable to:		
– Continuing operations	**12,267**	12,235
– Discontinuing operations	**760**	1,005
	13,027	13,240

	CONSOLIDATED	
	2013 $'000	**2012 $'000**
B) NUMERICAL RECONCILIATION BETWEEN AGGREGATE TAX EXPENSE AND TAX EXPENSE CALCULATED PER THE STATUTORY INCOME TAX RATE		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's appropriate income tax rate is as follows:		
Profit before tax from continuing operations	**45,875**	43,045
(Loss) before tax from discontinuing operations	**(12,637)**	(2,123)
Total accounting profit before income tax	**33,238**	40,922
Prima facie tax expense on accounting profit at the Group's statutory rate of 30% (2012: 30%)	**9,971**	12,277
Non temporary differences		
– Expenses not deductible for tax	**1,267**	556
– Impairment expense not deductible for tax	**4,500**	1,595
– Income not assessable for tax	**(81)**	(66)
– DTA on income tax losses not previously recognised	**(2,511)**	(1,062)
– Foreign tax rate adjustment	**(119)**	(60)
Aggregate income tax expense	**13,027**	13,240
Aggregate income tax expense attributable to:		
– Continuing operations	**12,267**	12,235
– Discontinuing operations	**760**	1,005
	13,027	13,240

(C) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	CONSOLIDATED			
	2013 $'000 CURRENT INCOME TAX	**2013 $'000 DEFERRED INCOME TAX**	**2012 $'000 CURRENT INCOME TAX**	**2012 $'000 DEFERRED INCOME TAX**
Opening balance	**(10,235)**	**7,676**	(3,077)	8,052
Charged to income	**(12,218)**	**(1,091)**	(13,360)	120
Charged to equity	**–**	**–**	–	–
Other payments and utilisation of tax losses	**15,243**	**(474)**	6,202	(496)
Closing balance	**(7,210)**	**6,111**	(10,235)	7,676
Tax expense in statement of comprehensive income		**13,027**		13,240
Amounts recognised in the statement of financial position:				
Deferred tax asset		**6,111**		7,676
Deferred tax liability		**–**		–
		6,111		7,676

6 INCOME TAX (CONTINUED)

	STATEMENT OF FINANCIAL POSITION	
	2013 $'000	2012 $'000
Deferred income tax as at 30 June relates to the following:		
DEFERRED TAX LIABILITIES		
Leased assets	**(191)**	(209)
Prepaid expenses deductible for tax	**(526)**	(622)
Income not yet assessable for tax	**(261)**	–
Fair value of television licences on acquisition	**(6,690)**	(6,690)
	(7,668)	(7,521)
Set-off of deferred tax assets	**7,668**	7,521
Net deferred tax liabilities	**–**	–
Deferred income tax as at 30 June relates to the following:		
CONSOLIDATED		
Deferred tax assets		
Employee entitlements	**1,584**	1,922
Provisions	**108**	330
Expenses not yet deductible for tax	**2,316**	2,474
Difference between accounting and tax building write off	**519**	1,429
Accounting depreciation not yet deductible for tax	**44**	269
Fair value of derivatives	**–**	172
Impairments of investments	**6,690**	7,200
Tax losses	**2,518**	1,401
	13,779	15,197
Set-off of deferred tax liabilities	**(7,668)**	(7,521)
Net deferred tax assets	**6,111**	7,676

(D) INCOME TAX LOSSES

(a) Deferred tax assets arising from tax losses of a controlled entity which at balance date are recognised as being highly probable of recovery. These losses relate to the Australian Tax Consolidated Group and an entity outside the Australian Tax Consolidated Group that is making profits.	**2,513**	1,396
(b) Deferred tax assets arising from tax losses of controlled entities not recognised at reporting date as realisation of the benefit is not regarded as highly probable	**12,982**	17,834

TAX CONSOLIDATION

(i) Members of the tax consolidated group and the tax sharing arrangements

Effective 1 July 2002, for the purposes of income taxation, Prime Media Group Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group. Prime Media Group Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(ii) Tax effect accounting by members of the consolidated group

Measurement method adopted under UIG 1052 Tax Consolidation Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group Allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes. The nature of the tax funding agreement is discussed further below.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and deferred tax assets arising from unused tax losses and unused tax credits from controlled extras in the tax consolidated group.

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with their taxable income for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 Income Taxes. Allocations under the tax funding agreement are made at the end of each half year.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, Prime Media Group Limited. In accordance with UIG 1052: Tax Consolidation Accounting, the group has applied the "separate taxpayer within group" approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

	PRIME MEDIA GROUP LIMITED	
	2013 $'000	2012 $'000
Prime Media Group Limited has recognised the following amounts as tax consolidation contribution adjustments:		
Total increase to inter-company assets of Prime Media Group Limited	**15,317**	18,150

(E) TAXATION OF FINANCIAL ARRANGEMENTS (TOFA)

Legislation is in place which changes the tax treatment of financial arrangements, including the tax treatment of hedging transactions. The Group has assessed the potential impact of these changes on the Group tax position. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 June 2013 (2012: $Nil).

7 OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE SEGMENTS

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which the product is delivered, and the nature of services provided. Discrete financial information about each of these operating businesses is reported to the Board on at least a monthly basis.

DESCRIPTION OF SEGMENTS

CONTINUING OPERATIONS

Television Broadcasting

Television broadcasting comprises "free to air" television broadcasting through PRIME7 and GWN7.

The PRIME7 television broadcast signal services the regional locations of Northern and Southern New South Wales, Canberra, Victoria, and the Gold Coast area while regional Western Australia is serviced by the GWN7 television broadcast signal. The majority of revenue is sourced from television advertising in Australia.

Online

In the current reporting period, Online has been absorbed under Television Broadcasting because this operating unit is not independently material within the Prime Group. In the prior corresponding reporting period, the online segment consisted of local websites, integrating with the PRIME7 and GWN7 broadcast footprint, to deliver localised content across the categories of news, weather, sport, TV shows, local jobs and community events. Revenue is sourced mainly from the sale of online advertising.

Corporate and Other

Includes administrative and financial support operations of the Group as a whole. These services are provided across the Group, mainly in its capacity as a public company, and are therefore not attributable to any of the operating units. These activities are reported separately to the Board.

DISCONTINUING OPERATIONS

Radio Broadcasting

Radio broadcasting consists of 10 radio stations that operate within coastal Queensland stretching from the Sunshine Coast to Cairns. The major source of revenue is radio advertising.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 2 to the accounts. The table on the following page details revenue and profit for the operating segments for the years ended 30 June 2013 and 30 June 2012.

7 OPERATING SEGMENTS (CONTINUED)

AS AT 30 JUNE 2013

	TELEVISION BROADCASTING $'000	TOTAL CONTINUING SEGMENTS $'000	UNALLOCATED $'000	TOTAL CONTINUING OPERATIONS $'000	RADIO BROADCASTING $'000	TOTAL OPERATIONS $'000
Segment Revenues						
External sales and customers	253,241	253,241	–	253,241	18,999	272,240
Other income (excluding interest income)	3,341	3,341	347	3,688	740	4,428
Total segment revenue	256,582	256,582	347	256,929	19,739	276,668
Finance income	–	–	332	332	16	348
Total revenue per the statement of comprehensive income	256,582	256,582	679	257,261	19,755	277,016
Result						
EBITDA	72,841	72,841	(10,169)	62,672	3,304	65,976
EBIT	63,884	63,884	(10,376)	53,508	(12,653)	40,855
Profit / (Loss) before income tax per the statement of comprehensive income	63,694	63,694	(17,819)	45,875	(12,637)(1)	33,238
Income tax (expense)/benefit				(12,267)	(760)	(13,027)
Net Profit / (Loss) after tax				33,608	(13,397)	20,211
Non-controlling interests				–	–	–
Net Profit after tax attributable to members of Prime Media Group Limited				33,608	(13,397)	20,211

(1): Profit / (Loss) before income tax per the statement of comprehensive income includes an impairment charge to reduce the carrying value of Radio Broadcast Licences by $15.0M.

AS AT 30 JUNE 2013

	TELEVISION BROADCASTING $'000	UNALLOCATED $'000	TOTAL CONTINUING OPERATIONS $'000	RADIO BROADCASTING $'000	TOTAL OPERATIONS $'000
Assets and liabilities					
Segment assets (1)	308,573	11,860	320,433	25,228	345,661
Investments in associates	–	–	–	–	–
Total assets	308,573	11,860	320,433	25,228	345,661
Segment liabilities (1)	(188,784)	(2,497)	(191,281)		
Net assets	131,649	22,731	154,380		
Other segment information					
Capital expenditure (2)	8,817	9	8,826	852	9,678
Depreciation and amortisation	(8,957)	(208)	(9,165)	(957)	(10,122)
Impairment	–	–	–	(15,000)	(15,000)
Share of associate losses	(1,548)	–	(1,548)	–	(1,548)

(1) Excludes inter-segment receivables and payables, and investments in subsidiaries.
(2) To comply with the requirements of AASB 8, the Group has included the cost of segment assets acquired by way of business combinations.

AS AT 30 JUNE 2012

	TELEVISION BROADCASTING $'000	ONLINE $'000	TOTAL CONTINUING SEGMENTS $'000	UNALLOCATED $'000	TOTAL CONTINUING OPERATIONS $'000	RADIO BROADCASTING $'000	TOTAL OPERATIONS $'000
Segment Revenues							
External sales and customers	246,727	2,164	248,891	–	248,891	19,955	268,846
Other income (excluding interest income)	2,484	–	2,484	666	3,150	777	3,927
Total segment revenue	249,211	2,164	251,375	666	252,041	20,732	272,773
Finance income	–	–	–	693	693	32	725
Total revenue per the statement of comprehensive income	249,211	2,164	251,375	1,359	252,734	20,764	273,498
Result							
EBITDA	72,898	(158)	72,740	(9,523)	63,217	4,171	67,388
EBIT	62,907	(341)	62,566	(9,728)	52,838	(2,156)	50,682
Profit / (Loss) before income tax per the statement of comprehensive income	62,637	(341)	62,296	(19,251)	43,045	(2,123)(1)	40,922
Income tax (expense)/benefit					(12,235)	(1,005)	(13,240)
Net Profit / (Loss) after tax					30,810	(3,128)	27,682
Non-controlling interests					–	–	–
Net Profit after tax attributable to members of Prime Media Group Limited					30,810	(3,128)	27,682

(1) Profit / (Loss) before income tax per the statement of comprehensive income includes an impairment charge to reduce the carrying value of Radio Broadcast Licences by $5.3M.

AS AT 30 JUNE 2012

	TELEVISION BROADCASTING $'000	ONLINE $'000	UNALLOCATED $'000	TOTAL CONTINUING OPERATIONS $'000	RADIO BROADCASTING $'000	TOTAL OPERATIONS $'000
Assets and liabilities						
Segment assets (1)	308,150	447	11,508	320,105	40,687	360,792
Investments in associates	–	–	–	–	–	–
Total assets	308,150	447	11,508	320,105	40,687	360,792
Segment liabilities (1)	(198,314)	(2,451)	(200,765)			
Net assets	121,791	38,236	160,027			
Other segment information						
Capital expenditure (2)	11,998	558	50	12,606	752	13,358
Depreciation and amortisation	(10,632)	(183)	(205)	(11,020)	(370)	(11,390)
Impairment	–	–	–	–	(5,316)	(5,316)
Share of associate losses	(1,198)	–	–	(1,198)	–	(1,198)

(1) Excludes inter-segment receivables and payables, and investments in subsidiaries.
(2) To comply with the requirements of AASB 8, the Group has included the cost of segment assets acquired by way of business combinations.

7 OPERATING SEGMENTS (CONTINUED)

	CONSOLIDATED 2013 $'000	2012 $'000
RECONCILIATION OF PROFIT		
Segment profit before tax (Continuing operations)	**63,694**	62,296
Finance costs	**(7,443)**	(9,523)
Administration expenses	**(10,376)**	(9,728)
Loss from discontinued operations	**(12,637)**	(2,123)
Group profit before tax	**33,238**	40,922
RECONCILIATION OF ASSETS		
Segment operating assets (Continuing operations)	**320,433**	360,792
Assets classified as held for sale	**25,228**	–
Group operating assets	**345,661**	360,792
RECONCILIATION OF LIABILITIES		
Segment operating assets (Continuing operations)	**188,784**	200,765
Liabilities classified as held for sale	**2,497**	–
Group operating assets	**191,281**	200,765

8 DISCONTINUED OPERATIONS

(A) DETAILS OF OPERATIONS DISPOSED AND CLOSED DOWN

On 12 August 2013, the Group publicly announced the decision of its Board of directors to dispose of the Group's Radio segment which consists of the following wholly owned subsidiaries:

Prime Radio (Holdings) Pty Limited ACN: 122 696 753
Prime Radio (Townsville) Pty Limited ACN: 113 960 688
Prime Radio (Cairns) Pty Limited ACN: 113 960 722
Prime Radio (Barrier Reef) Pty Limited ACN: 113 960 606
Prime Radio (Mackay) Pty Limited ACN: 113 960 606
Prime Radio (Mackay- AM) Pty Limited ACN: 122 696 842
Prime Radio (Cairns- AM) Pty Limited ACN: 122 960 722
Prime Radio (Rockhampton) Pty Limited ACN: 113 960 624
Prime Radio (Gladstone) Pty Limited ACN: 113 960 642
AMI Radio Pty Limited ACN: 075 044 861
Hot 91 Pty Limited ACN: 101 804 371

At 30 June 2013, the Radio segment was classified as a disposal group held for sale and as a discontinued operation on the basis that final negotiations had commenced for the sale of the radio group. The disposal of the Radio segment is due to be completed 30 August 2013. The results of the Radio segment are presented below.

The following operations were discontinued in the previous corresponding period.

ON SITE BROADCASTING

On 9 July 2010, the Group completed the sale of its On Site Broadcasting business in New Zealand to Sky Network Television Limited for total consideration of A$11,130,375, net of selling costs. The deferred consideration is receivable over a period of 4 years to 30 June 2014 and the amount earned is contingent upon the amount of profit earned under various contracts transferred as part of the sale.

The consideration comprised of the following:

Cash consideration	10,565,375
Deferred Contingent Consideration, at fair value	565,000
Total consideration	$11,130,375

As at 30 June 2013 the Company revised the fair value of the deferred contingent consideration up by $270,000 (2012: $235,000), on completion of a detailed review of the forecast profits expected from the contracts transferred as part of the sale.

	CONSOLIDATED 2013 $'000	2012 $'000
(B) FINANCIAL PERFORMANCE OF OPERATIONS DISPOSED, CLOSED DOWN OR HELD FOR SALE		
Revenue	**19,754**	20,764
Expenses	**(32,391)**	(22,887)
Loss attributable to discontinued operations before tax	**(12,637)**	(2,123)
Income tax expense	**(760)**	(1,005)
Loss attributable to discontinued operations after tax	**(13,397)**	(3,128)
Minority interest in discontinued operations	**–**	–
Loss from discontinuing operations attributable to members of parent entity	**(13,397)**	(3,128)
Loss per share (cents per share)		
– Basic from discontinued operations	**(3.7)**	(0.9)
– Diluted from discontinued operations	**(3.7)**	(0.9)

Discontinuing operations includes the Prime Radio Group.

	2013 $'000	2012 $'000
(C) CASH FLOW INFORMATION – DISCONTINUED OPERATIONS		
Net cash inflow from operating activities	**1,964**	3,080
Net cash (outflow) from investing activities	**(638)**	(750)
Net cash (outflow) from financing activities	**(1,082)**	(2,842)
Net cash generated by discontinued operations	**244**	(512)

	2013 $'000
(D) ASSETS AND LIABILITIES HELD FOR SALE	
Trade and other receivables	**3,940**
Prepayments	**139**
Total current assets	**4,079**
Property, plant and equipment	**4,334**
Intangibles – broadcast licences	**16,533**
Deferred tax assets	**282**
Total non-current assets	**21,149**
Assets classified as held for sale	**25,228**
Trade and other payables	**2,341**
Total current liabilities	**2,341**
Provisions	**156**
Total non-current liabilities	**156**
Liabilities associated with assets classified as held for sale	**2,497**

9 EARNINGS PER SHARE

	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
Basic Earnings per share (cents per share)		
– profit for the year	**5.5**	7.6
– profit from continuing operations	**9.2**	8.4
Diluted Earnings per share (cents per share)		
– profit for the year	**5.5**	7.6
– profit from continuing operations	**9.2**	8.4

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

(A) EARNINGS USED IN CALCULATING EARNINGS PER SHARE

	2013 $'000	2012 $'000
Net Profit attributable to ordinary equity holders of the parent from continuing operations	**33,608**	30,810
Net loss attributable to ordinary equity holders of the parent from discontinuing operations	**(13,397)**	(3,128)
Net Profit attributable to ordinary equity holders of the parent	**20,211**	27,682
Earnings used in calculating basic and diluted earnings per share	**20,211**	27,682

(B) WEIGHTED AVERAGE NUMBER OF SHARES

	NUMBER OF SHARES	NUMBER OF SHARES
Weighted average number of ordinary shares used in calculating basic earnings per share:	**366,330,303**	366,330,303
Effect of dilution:		
Performance Rights	**–**	–
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**366,330,303**	366,330,303

All performance rights are anti-dilutive, as service and performance conditions are yet to be met.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the completion of the financial statements.

(C) INFORMATION ON THE CLASSIFICATION OF SECURITIES

EQUITY SETTLED SHARE BASED PAYMENTS

Equity settled share based payments granted to employees (including KMP) as described in Note 28 are considered to be potential ordinary shares and will be included in the determination of diluted earnings per share to the extent they are dilutive when the performance rights vest.

	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
Basic Earnings per share (cents per share)		
– profit from core earnings	**9.7**	9.1
Diluted Earnings per share (cents per share)		
– profit from core earnings	**9.7**	9.1

To calculate earnings per share amounts for the core continuing and discontinuing operations, the weighted average number of ordinary shares for both basic and diluted amounts is as per the table above. The following table provides the profit figure used as the numerator:

	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
(D) PROFIT FROM CONTINUING OPERATIONS EXCLUDING SPECIFIC ITEMS		
Reported profit after tax from continuing operations (refer Statement of comprehensive income)	**33,608**	30,810
Reported profit after tax from discontinuing operations (refer Statement of comprehensive income)	**(13,397)**	(3,128)
– Fair value change in derivatives	**2**	(1,115)
– Fair value change in receivable – deferred contingent consideration	**(270)**	(234)
– Impairment of radio broadcasting licences	**15,000**	5,316
– Loss on sale of investments	**–**	345
– Depreciation of decommissioning costs	**481**	492
– Redundancies	**–**	571
– Income tax expense/(benefit) related to specific items	**(1)**	163
Profit after tax from continuing operations before specific items attributable to members of Prime Media Group Limited	**35,423**	33,220

10 DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
(A) RECOGNISED AMOUNTS		
Declared and paid during the year		
(i) CURRENT YEAR INTERIM		
Franked dividends 4.0 cents per share (2012: 3.3 cents) – ordinary shares	**14,653**	12,089
(ii) PREVIOUS YEAR FINAL		
Franked dividends 3.3 cents per share (2012: 2.4 cents) – ordinary shares	**12,089**	8,792
	26,742	20,881
(B) UNRECOGNISED AMOUNTS		
(i) CURRENT YEAR FINAL		
Franked dividends 3.3 cents per share (2012: 3.3 cents) – ordinary shares	**12,089**	12,089

(C) FRANKING CREDIT BALANCE	THE GROUP 2013 $'000	THE GROUP 2012 $'000
The amount of franking credits available for the subsequent financial year are:		
– franking account balance as at the end of the financial year at 30% (2012: 30%)	**26,531**	23,344
– franking credits that will arise from the payment of income tax payable as at the end of the financial year	**7,150**	9,387
– franking debits that will arise from the payment of dividends as at the end of the financial year	**–**	–
	33,681	32,731
The amount of franking credits available for future reporting periods:		
– impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	**(5,181)**	(5,181)
	28,500	27,550

(D) TAX RATES

The tax rate at which paid dividends have been franked is 30% (2012: 30%). Dividends proposed will be franked at the rate of 30% (2012: 30%).

11 CASH AND SHORT-TERM DEPOSITS

	CONSOLIDATED 2013 $'000	2012 $'000
Cash balance comprises:		
Cash at bank and on hand	**10,326**	8,916
Closing cash balance	**10,326**	8,916

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

At 30 June 2013 the Group had available $58 million (2012: $76 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

	CONSOLIDATED 2013 $'000	2012 $'000
Reconciliation of the net profit after tax to the net cash flows from operations		
Profit after tax from continuing operations	**33,608**	30,810
(Loss) after tax from discontinuing operations	**(13,397)**	(3,128)
Net profit after income tax	**20,211**	27,682
Non-cash adjustment for:		
Depreciation and amortisation	**9,722**	10,771
Amortisation of program rights	**400**	616
Provision for doubtful debts	**(115)**	367
Net loss on disposal of property, plant and equipment	**35**	78
(Gain)/loss on sale of financial asset	**(11)**	345
(Gain)/loss on foreign currency translation	**(206)**	367
Net gain MTM derivatives	**2**	(1,115)
Impairment of intangibles and goodwill	**15,000**	5,316
Impairment of investments	**–**	2
Share of losses of associates	**1,548**	1,198
Share based payments expense	**385**	113
Changes in assets and liabilities		
(Increase) in trade and other receivables	**(815)**	(8,135)
Decrease/(increase) in deferred tax assets	**1,329**	415
Decrease/(Increase) in prepayments	**549**	(223)
Increase/(Decrease) in trade and other payables	**(21,784)**	3,656
Increase/(Decrease) in tax provision	**(3,025)**	7,333
Increase/(Decrease) in borrowing costs	**(196)**	647
(Decrease) in provisions	**(304)**	(895)
Net cash flow from operating activities	**22,725**	48,538

12 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2013 $'000	2012 $'000
Current		
Trade receivables	**49,547**	52,849
Allowance for impairment loss	**(650)**	(701)
	48,897	52,148
Deferred contingent consideration	**134**	165
Other receivables	**6,812**	7,845
Related party receivables	**2,094**	1,141
Carrying amount of trade and other receivables	**57,937**	61,299

(A) ALLOWANCE FOR IMPAIRMENT LOSS

Trade receivables are carried at original invoice amount less an allowance for any uncollectible debts. Credit terms for advertisers, generally 30 – 45 days, are extended based upon an assessment of the credit standing of each customer. An allowance for impairment loss is made when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. No individual amount within the impairment allowance is material.

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

Movement in the provision for impairment loss in relation to trade receivables was as follows:

	CONSOLIDATED 2013 $'000	2012 $'000
At July 1	**701**	652
Charge for the year	**495**	310
Amounts written off	**(432)**	(261)
Less provision for impairment loss in relation to assets held for sale	**(114)**	–
At June 30	**650**	701

At 30 June, the ageing analysis of trade receivables is as follows:

	TOTAL	0-30 DAYS	31-60 DAYS	61-90 DAYS PDNI*	61-90 DAYS CI*	+91 DAYS PDNI*	+91 DAYS CI*
2013	**49,547**	**25,688**	**21,332**	**1,060**	**–**	**817**	**650**
2012	52,849	26,211	23,740	1,030	–	1,167	701

* Considered impaired ('CI'), Past due not impaired ('PDNI')

Receivables past due but not considered impaired incorporate those customers on payment plans or those with a good payment history for which we expect payment in the short term. For each client, credit has been stopped until full payment is made. Each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets. It is expected that these other balances will be received.

(B) RELATED PARTY RECEIVABLES

For terms and conditions of related party receivables refer to Notes 31 and 32.

(C) INTEREST RATE RISK

Detail regarding foreign exchange and interest rate risk exposure is disclosed in Note 4.

	CONSOLIDATED 2013 $'000	2012 $'000
Non-current		
Sundry receivables	**133**	126
Related party receivables	**45**	45
Carrying amount of non-current receivables	**178**	171

(D) FAIR VALUE AND CREDIT RISK

The fair values of non-current receivables approximate their carrying value.

(E) FOREIGN EXCHANGE AND INTEREST RATE RISK

Detail regarding foreign exchange and interest rate risk exposure is disclosed in Note 4.

(F) CREDIT RISK

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each class of receivables. No collateral is held as security.

13 OTHER ASSETS

	CONSOLIDATED 2013 $'000	2012 $'000
Current		
Prepayments	**1,303**	2,057
Non-current		
Prepayments	**1,183**	1,265

14 INVESTMENTS IN ASSOCIATES

(A) INVESTMENT DETAILS

	CONSOLIDATED 2013 $'000	2012 $'000
Unlisted		
Mildura Digital Television Pty Limited (refer to Note 21)	**–**	–
Prime Digitalworks Pty Limited	**–**	–
West Digital Television Pty Limited	**–**	–
West Digital Television No2 Pty Limited	**–**	–
West Digital Television No3 Pty Limited	**–**	–
West Digital Television No4 Pty Limited	**–**	–
WA SatCo Pty Limited	**–**	–
Broadcast Transmission Services Pty Limited	**–**	–
Total Investments in Associates	**–**	–

(B) THE CONSOLIDATED ENTITY HAS A MATERIAL INTEREST IN THE FOLLOWING ENTITIES:

	OWNERSHIP INTEREST		CONTRIBUTION TO NET PROFIT	
	2013 %	2012 %	2013 $'000	2012 $'000
Unlisted				
Mildura Digital Television Pty Limited	**50%**	50%	**(1,012)**	(604)
destra Corporation Limited (In Liquidation) [1]	**44%**	44%	**–**	–
West Digital Television Pty Limited	**50%**	50%	**(536)**	(594)
West Digital Television No2 Pty Limited	**50%**	50%	**–**	–
West Digital Television No3 Pty Limited	**50%**	50%	**–**	–
West Digital Television No4 Pty Limited	**50%**	50%	**–**	–
WA SatCo Pty Limited	**50%**	50%	**–**	–
Broadcast Transmission Services Pty Limited	**33%**	33%	**–**	–
			(1,548)	(1,198)

(1) The Group's investment in destra Corporation Limited was impaired to Nil during 2009. As such no further share of losses are taken up in the Group accounts.

(C) MOVEMENTS IN THE CARRYING AMOUNT OF THE GROUP'S INVESTMENT IN ASSOCIATES

	CONSOLIDATED 2013 $'000	2012 $'000
At July 1	**–**	–
Contributions made [1]	**2,971**	325
Share of losses after income tax	**(1,548)**	(1,198)
Provision for loan funds still to be paid to associate (refer to Note 21)	**(1,423)**	873
At June 30	**–**	–

(1) Reflects loan funds advanced to associates under short term loan arrangement or in accordance with requirements of shareholder agreements. These payments are deemed to be part of the Investment in Associates for the purposes of equity accounting.

(D) SUMMARISED FINANCIAL INFORMATION

The following table illustrates summarised financial information relating to the Group's associates:

	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
Extracts from associates' balance sheets:		
Current assets	**4,488**	3,674
Non-current assets	**257**	354
	4,745	4,028
Current liabilities	**(5,349)**	(7,240)
Non-current liabilities	**(9,456)**	(4,743)
	(14,805)	(11,983)
Net liabilities	**(10,060)**	(7,955)
Share of the associates' net liabilities accounted for using the equity method:		
Net liabilities	**(5,030)**	(3,977)
Extracts from associates' statements of comprehensive income:		
Revenue	**2,062**	1,154
Net losses	**(2,527)**	(2,395)
Share of the associates profits or losses accounted for using the equity method:		
Loss before income tax	**(1,548)**	(1,198)
Income tax expense	**–**	–
Loss after income tax	**(1,548)**	(1,198)

15 INVESTMENTS IN SUBSIDIARIES AND FINANCIAL ASSETS

CLOSED GROUP CLASS ORDER DISCLOSURES

ENTITIES SUBJECT TO CLASS ORDER RELIEF

Pursuant to Class Order 98/1418, relief has been granted to Prime Television (Holdings) Pty Limited, Prime Television (Southern) Pty Limited, Prime Television (Victoria) Pty Limited, Prime Television (Northern) Pty Limited, Golden West Network Pty Limited, Prime Television Investments Pty Limited and Prime Radio (Holdings) Pty Limited from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Class Order, Prime Media Group Limited and its 100% owned Australian resident subsidiaries entered into a Deed of Cross Guarantee on 17 October 2006 (the "Closed Group"). The effect of the deed is that Prime Media Group Limited has guaranteed to pay any deficiency in the event of winding up of any of the controlled entities within the Closed Group. The controlled entities within the Closed Group, listed below, have also given a similar guarantee in the event that Prime Media Group Limited is wound up.

NAME	COUNTRY OF INCORPORATION	EQUITY INTEREST 2013 %	EQUITY INTEREST 2012 %
Prime Television (Holdings) Pty Limited	Australia	**100**	100
Zamojill Pty Limited	Australia	**100**	100
Prime Television (Southern) Pty Limited	Australia	**100**	100
Prime Television (Northern) Pty Limited	Australia	**100**	100
Prime Television (Victoria) Pty Limited	Australia	**100**	100
Prime Properties (Albury) Pty Limited	Australia	**100**	100
Prime Television Digital Media Pty Limited	Australia	**100**	100
Prime Television (Investments) Pty Limited	Australia	**100**	100
Golden West Network Pty Limited	Australia	**100**	100
Mining Television Network Pty Limited	Australia	**100**	100
Telepro Pty Limited	Australia	**100**	100
Golden West Satellite Communications Pty Limited	Australia	**100**	100
135 Nominees Pty Limited	Australia	**100**	100
Mid-Western Television Pty Limited	Australia	**100**	100
Geraldton Telecasters Pty Limited	Australia	**100**	100
Prime Radio (Cairns) Pty Limited	Australia	**100**	100
Prime Radio (Townsville) Pty Limited	Australia	**100**	100
Prime Radio (Barrier Reef) Pty Limited	Australia	**100**	100
Prime Radio (Rockhampton) Pty Limited	Australia	**100**	100
Prime Radio (Gladstone) Pty Limited	Australia	**100**	100
Prime Radio (Mackay) Pty Limited	Australia	**100**	100
Prime Radio (Holdings) Pty Limited	Australia	**100**	100

15 INVESTMENTS IN SUBSIDIARIES AND FINANCIAL ASSETS (CONTINUED)

NAME	COUNTRY OF INCORPORATION	EQUITY INTEREST 2013 %	EQUITY INTEREST 2012 %
Prime Radio (Cairns-AM) Pty Limited	Australia	**100**	100
Prime Radio (Mackay-AM) Pty Limited	Australia	**100**	100
AMI Radio Pty Limited	Australia	**100**	100
Hot 91 Pty Limited	Australia	**100**	100
Prime Digital Media Pty Limited	Australia	**100**	100
Prime Digitalworks Pty Limited	Australia	**100**	100
Prime Media Broadcasting Pty Limited	Australia	**100**	100
Prime Media Communications Pty Limited	Australia	**100**	100
Prime Growth Media Pty Limited	Australia	**100**	100
Prime Media Group Services Pty Limited	Australia	**100**	100
Prime New Media Investments Pty Limited	Australia	**100**	100
Seven Affiliate Sales Pty Limited	Australia	**100**	100

The consolidated statement of comprehensive income and statement of financial position of the entities which are members of the 'Closed Group' are as follows:

	CLOSED GROUP 2013 $'000	CLOSED GROUP 2012 $'000
(A) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Operating profit before income tax – continuing operations	**39,421**	39,124
Income tax expense attributable to operating profit	**(11,851)**	(11,548)
Operating profit after tax from continuing operations	**27,570**	27,576
Loss after tax from discontinued operations	**(13,397)**	(3,162)
Operating profit after tax	**14,173**	24,414
Retained losses at beginning of the financial year	**(61,871)**	(65,404)
Dividends provided for or paid	**(26,762)**	(20,881)
Retained losses at end of the financial period	**(74,460)**	(61,871)
(B) CONSOLIDATED BALANCE SHEET		
Current assets		
Cash and cash equivalents	**9,059**	8,210
Trade and other receivables	**57,520**	60,652
Intangible assets	**400**	400
Prepayments	**1,303**	2,055
	68,282	71,317
Assets classified as held for sale	**25,228**	–
Total current assets	**93,510**	71,317
Non-current assets		
Receivables	**34,542**	35,615
Investments in available-for-sale financial assets	**4**	6
Other financial assets and subsidiaries	**114,806**	114,964
Property, plant and equipment	**43,588**	49,971
Intangible assets	**196,895**	226,840
Deferred tax assets	**3,625**	4,071
Other assets	**1,183**	1,265
Total non-current assets	**394,643**	432,732
Total assets	**488,153**	504,049
Current liabilities		
Trade and other payables	**37,446**	60,820
Interest bearing loans and borrowings	**252**	1,629
Current tax liabilities	**7,150**	9,387
Provisions	**1,432**	2,567
Derivative financial instruments	**–**	573
	46,280	74,976
Liabilities associated with assets classified as held for sale	**2,497**	–
Total current liabilities	**48,777**	74,976

	CLOSED GROUP	
	2013 $'000	**2012 $'000**
Non-current liabilities		
Trade and other payables	**59,276**	54,809
Interest bearing loans and borrowings	**142,023**	123,896
Provisions	**394**	480
Total non-current liabilities	**201,693**	179,185
Total liabilities	**250,470**	254,161
Net assets	**237,683**	249,888
Equity		
Parent entity interest		
Contributed equity	**310,262**	310,262
Reserves	**1,880**	1,497
Accumulated losses	**(74,459)**	(61,871)
Total equity	**237,683**	249,888

16 INVESTMENTS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	CONSOLIDATED	
	2013 $'000	**2012 $'000**
Investments at fair value:		
Available for sale financial assets:		
Shares in uncontrolled entities (quoted) [(i)]	**4**	3
Investments at cost:		
Shares in uncontrolled entities (unquoted) [(ii)]	**3**	3
Investments at fair value:		
Shares in uncontrolled entities (unquoted) [(iii)]	**2,500**	2,001
	2,507	2,007

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

(i) Quoted equity shares

The fair value of the listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

There are no individually material investments.

(ii) Unquoted equity shares at cost

Investments in shares of unlisted entities are carried at cost where fair value cannot be reliably measured. The financial instruments held are shares of an entity that has a small shareholder base and a relatively stable share register with few exchanges of shareholdings.

On 30 November 2011, the Group sold its interest in TransACT Communications Pty Limited. Proceeds received from this sale were $2,785,000, resulting in a loss on sale of $345,000.

(iii) Unlisted shares at fair value

The fair value of the unquoted available-for-sale investments has been estimated using valuation techniques based on assumptions, which are outlined in Note 3, that are not supported by observable market information. Management believes the estimated fair value resulting from the valuation techniques and recorded in the statement of financial position and the related changes in fair value recorded in other comprehensive income are reasonable and the most appropriate at the reporting date. A reconciliation of the movement during the year is as follows:

	CONSOLIDATED	
	2013 $'000	**2012 $'000**
Investments at fair value:		
Opening balance	**2,001**	2,001
Additions – as consideration received on business disposal	**–**	–
Increase in fair value	**499**	–
Closing balance	**2,500**	2,001

16 INVESTMENTS – AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

(iv) Valuation sensitivity

Management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation and has quantified this as a reduction in fair value of approximately $664,000 using less favourable assumptions and an increase in fair value of approximately $664,000 using more favourable assumptions, i.e. change in Enterprise Value (EV) / EBITDA multiples of 0.5 in either direction.

Impairment on available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired (refer to Note 2(p)).

17 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2013 $'000	2012 $'000
Freehold land – at cost	**722**	916
Leasehold land – at cost(i)	**197**	197
Total Land	**919**	1,113
Buildings on freehold land – at cost	**2,078**	2,049
Less: Accumulated depreciation	**(1,258)**	(1,209)
	820	840
Buildings on leasehold land – at cost [(i)]	**10,325**	10,286
Less Accumulated amortisation	**(3,567)**	(3,308)
	6,758	6,978
Buildings on freehold land – at recoverable value	**2,112**	2,112
Less: Accumulated depreciation	**(651)**	(596)
	1,461	1,516
Total Land and Buildings	**9,958**	10,447
Leasehold Improvements – at cost	**2,051**	3,954
Less: Accumulated amortisation	**(1,250)**	(1,884)
	801	2,070
Plant and Equipment – at cost	**127,595**	139,252
Less: Accumulated depreciation and impairment	**(96,565)**	(105,304)
	31,030	33,948
Plant and Equipment under lease – at cost	**2,886**	4,907
Less: Accumulated amortisation	**(1,080)**	(1,411)
	1,806	3,496
Motor Vehicles – at cost	**–**	71
Less: Accumulated depreciation	**–**	(46)
	–	25
Total written down amount	**43,595**	49,986

(i) Includes land located in the Australian Capital Territory, under the ACT legislation, the land has a 99-year lease period, and also includes Leasehold Strata Units located in Sydney, which are held under a 99 year lease.

(A) RECONCILIATIONS

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

	CONSOLIDATED	
	2013 $'000	2012 $'000
Freehold land		
Carrying amount at beginning	**916**	916
Additions	**51**	–
Disposals	**–**	–
Reclassification to asset held for sale	**(245)**	–
	722	916
Leasehold land	**197**	197
	919	1,113
Buildings on freehold land		
Carrying amount at beginning	**2,356**	2,460
Additions	**22**	–
Disposals	**–**	–
Depreciation expense	**(94)**	(104)
Reclassification to asset held for sale	**(3)**	–
	2,281	2,356
Buildings on leasehold land		
Carrying amount at beginning	**6,978**	7,235
Additions	**49**	–
Depreciation expense	**(269)**	(257)
	6,758	6,978
Total Buildings	**9,041**	9,334
Leasehold improvements		
Carrying amount at beginning	**2,070**	2,293
Additions	**32**	71
Classification transfer	**–**	7
Disposals	**–**	(1)
Depreciation expense	**(316)**	(300)
Reclassification to asset held for sale	**(985)**	–
	801	2,070
Plant and equipment		
Carrying amount at beginning	**33,948**	34,299
Additions	**6,279**	7,885
Classification transfer	**1,474**	(7)
Disposals	**(28)**	(94)
Depreciation expense	**(7,558)**	(8,135)
Reclassification to asset held for sale	**(3,085)**	–
	31,030	33,948
Plant and equipment under lease		
Carrying amount at beginning	**3,496**	3,833
Additions	**–**	–
Classification transfer	**(1,314)**	–
Disposals	**–**	(10)
Amortisation expense	**(376)**	(327)
	1,806	3,496
Total Plant and equipment	**32,836**	37,444
Motor Vehicles		
Carrying amount at beginning	**25**	25
Additions	**–**	10
Disposals	**–**	–
Depreciation expense	**(9)**	(10)
Reclassification to asset held for sale	**(16)**	–
	–	25

(B) ASSETS PLEDGED AS SECURITY

All plant and equipment under lease is pledged as security for the associated lease liabilities.

18 GOODWILL AND INTANGIBLE ASSETS

	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
Program Rights – at cost	**4,000**	4,000
Less Accumulated amortisation	**(3,200)**	(2,800)
Total Program Rights	**800**	1,200
Total current Program Rights	**400**	400
Total non-current Program Rights	**400**	800
Goodwill – at cost	**18,530**	18,530
Less Accumulated impairment losses	**(15,048)**	(15,048)
Total Goodwill	**3,482**	3,482
Broadcast Licences and Associated Rights – at cost	**182,963**	250,100
Less Accumulated impairment losses	**–**	(35,431)
Total Broadcast Licences and Associated Rights	**182,963**	214,669
Infrastructure Access Licence – at cost	**3,771**	2,941
Less Accumulated amortisation	**(938)**	(314)
Total Infrastructure Access Licence	**2,833**	2,627
Business Software and Development Costs – at cost	**16,194**	13,684
Less Accumulated amortisation	**(9,191)**	(8,643)
Total Business Software and Development Costs	**7,003**	5,041
Website Development Costs – at cost	**550**	550
Less Accumulated amortisation	**(337)**	(154)
Total Website Development Costs	**213**	396
Total written down amount	**197,294**	227,415
Total current	**400**	400
Total non-current	**196,894**	227,015
RECONCILIATIONS		
Goodwill on Acquisition		
Carrying amount at beginning	**3,482**	3,657
Impairment expense	**–**	(175)
	3,482	3,482
Broadcast licences		
Carrying amount at beginning	**214,669**	219,810
Disposals	**(175)**	–
Impairment expense	**(15,000)**	(5,141)
Asset reclassified as held for sale	**(16,531)**	
	182,963	214,669
Program Rights		
Carrying amount at beginning	**1,200**	1,816
Amortisation expense	**(400)**	(616)
	800	1,200
Infrastructure Access Licence		
Carrying amount at beginning	**2,627**	1,232
Additions	**830**	1,709
Amortisation expense	**(624)**	(314)
	2,833	2,627
Business Software and Development Costs		
Carrying amount at beginning	**5,041**	3,077
Additions	**2,253**	3,133
Amortisation expense	**(291)**	(1,169)
	7,003	5,041
Web Site Development Costs		
Carrying amount at beginning	**396**	27
Additions	**–**	550
Amortisation expense	**(183)**	(157)
Disposals	**–**	(24)
	213	396
	197,294	227,415

(A) DESCRIPTION OF THE GROUP'S INTANGIBLE ASSETS AND GOODWILL

(i) BROADCAST LICENCES

Television broadcast licences have been acquired through business combinations and consist of the right to broadcast television to specific market areas. The licences are carried at cost less accumulated impairment losses. The licences are subject to renewal by broadcasting authorities in Australia at no significant cost to the Company. The directors have no reason to believe the licences will not be renewed at the end of their current legal terms.

(ii) PROGRAM RIGHTS

Program Rights represent the purchased rights to broadcast certain programs at some time in the future. These program rights are amortised to the profit and loss over the term of the contract to which the rights relate. The carrying value of the rights is cost less accumulated amortisation and impairment losses.

(iii) GOODWILL

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is indication of impairment (refer to section (b) of this note).

(iv) INFRASTRUCTURE ACCESS LICENCE

Infrastructure access licenses represent licences acquired to use transmission facilities for periods up to 10 years. The licences are amortised to the profit and loss over the term of the licence.

(v) BUSINESS SOFTWARE AND DEVELOPMENT COSTS

Business software and development costs represent the cost to implement a new television sales and traffic software system. Amortisation of the asset begins when the development is complete and the asset is available for use. It will be amortised over the period of the expected future benefit. The carrying value of the rights is cost less accumulated amortisation and impairment losses.

(vi) WEB SITE DEVELOPMENT COSTS

Website development costs represent the costs to integrate the PRIME7 and GWN7 broadcast footprint to deliver localised content online and are being amortised over a three year period

(B) IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

(i) TELEVISION BROADCASTING

On an annual basis management undertakes an assessment of the carrying value of its television broadcasting unit's intangible assets, which consist of both television broadcast licences and goodwill, to test for impairment. On an annual basis management undertakes a value in use calculation using cashflow projections as at 30 June 2013 based on financial budgets approved by management covering a 5 year period. The long term forecasts are generated using a terminal growth rate of 3.0% (2012: 4.0%). The discount rate applied to the cash flow projections is 10.25% (2012: 10.4%). The Discounted Cashflow (DCF) valuation of the intangibles assets gives a recoverable amount in excess of the current carrying value.

On a bi-annual basis the Group engages an independent valuer to assess the recoverable amount of its television broadcast licences. The most recent valuation was undertaken in December 2012. This valuation supported the carrying values of the television unit's intangible assets.

	CONSOLIDATED	
	2013 $'000	2012 $'000
Carrying amount of Intangibles allocated to each of the cash generating units		
Television Broadcasting Licences	**182,963**	182,963
Broadcast Licences	**182,963**	182,963
Television broadcasting	**3,482**	3,482
Goodwill on Acquisition	**3,482**	3,482

(C) KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS

The calculation of value in use for the television broadcasting licences are most sensitive to the following assumptions:

- Discount rates; and
- Growth rate used to extrapolate cash flows.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and each operating segment. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rate estimates – Rates are based on published industry research, which is obtained on a regular basis throughout the reporting period.

(D) SENSITIVITY OF ASSUMPTIONS

Television broadcasting is largely fixed cost business, so variations in the financial performance are driven by changes in revenue. The entity has sophisticated revenue tracking systems that allow management to track current and future revenues on a daily basis which allows actions to be taken to combat downward trends in revenues early.

Television broadcasting is closely regulated in Australia and as such new competitors can only enter the market on issue of new licences by the national government after extensive reviews. The economic conditions are monitored closely for indicators that could influence the overall level of advertising spending to change significantly.

19 TRADE AND OTHER PAYABLES

The most significant area of risk for the economic entity and its cash generating units are those that affect the broadcasting industry as a whole. These risks are monitored closely by management.

There are no key assumptions that could reasonably vary and result in recoverable amounts below carrying value.

	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
Current		
Trade payables [(i)]	**4,455**	23,313
Accrued expenses	**28,349**	32,862
Accrued employee leave entitlements	**4,670**	5,209
	37,474	61,384

(i) Trade payables are non-interest bearing and are normally settled on 30 day terms.

(A) FAIR VALUES

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(B) INTEREST RATE, FOREIGN EXCHANGE AND LIQUIDITY RISK

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 4.

20 INTEREST-BEARING LOANS AND BORROWINGS

	MATURITY	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
Current			
Obligations under finance lease contracts (Note 25(e))	2014	**252**	1,629
	252	**1,629**	
Non-current			
Obligations under finance lease contracts (Note 25(e))	2015 – 2021	**918**	1,170
$200 million secured bank loan (2012: $200 million)	2015	**141,105**	122,726
		142,023	123,896

TERMS AND CONDITIONS

Bank loan facility

The Company executed a $200 million bank loan facility with a term of 4 years, repayable in full on expiry on 28 October 2015. The facility is secured by a charge over the assets of the borrower group comprising all wholly owned entities in Australia and New Zealand, but excluding Broadcast Production Services Pty Limited and its subsidiaries. Interest is charged at a rate of BBSY plus a margin of between 1.70% and 2.60%.

(A) FAIR VALUES

The carrying amount of the Group's current and non-current borrowings approximates their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates varying from 4.6% to 5.5% (2012: 5.5% to 6.5%), depending on the type of borrowing.

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in Note 26. However the directors do not expect those potential financial liabilities to crystallise into obligations and therefore financial liabilities disclosed in the above table are the directors' estimate of amounts that will be payable by the Group. No material losses are expected and as such, the fair values disclosed are the directors' estimate of amounts that will be payable by the Group.

(B) INTEREST RATE, FOREIGN EXCHANGE AND LIQUIDITY RISK

Details regarding interest rate, foreign exchange and liquidity risk are disclosed in Note 4.

(C) DEFAULTS AND BREACHES

During the current and prior years, there were no defaults or breaches on any of the loans.

21 PROVISIONS

	CONSOLIDATED 2013 $'000	2012 $'000
Current		
Provision for asset decommissioning	**944**	492
Directors' retiring provision	**218**	206
Provision for losses on associates	**270**	1,080
Redundancy provision	**–**	417
Onerous contracts	**–**	372
	1,432	2,567
Non-current		
Long service leave	**394**	481
	394	481

(A) MOVEMENTS IN PROVISIONS

Movements in each class of provisions during the financial year are set out below:

	REDUNDANCY PROVISION $'000	DIRECTORS RETIRING PROVISION $'000	ONEROUS CONTRACTS $'000	PROVISION FOR LOSSES ON ASSOCIATES $'000	PROVISION FOR ASSET DECOM-MISSIONING $'000	LONG SERVICE LEAVE $'000	TOTAL $'000
At 1 July 2012	417	206	372	1080	492	481	3,048
Arising during the year	–	12	–	1,548	481	69	2,110
Utilised	(417)	–	(372)	(2,358)	(29)	–	(3,176)
Provisions associated with assets held for sale	–	–	–	–	–	(156)	(156)
At 30 June 2013	**–**	**218**	**–**	**270**	**944**	**394**	**1,826**
Current 2013	**–**	**218**	**–**	**270**	**944**	**–**	**1,432**
Non-current 2013	**–**	**–**	**–**	**–**	**–**	**394**	**394**
	–	**218**	**–**	**270**	**944**	**394**	**1,826**
Current 2012	417	206	372	1080	492	–	2,567
Non-current 2012	–	–	–	–	–	481	481
	417	206	372	1080	492	481	3,048

(B) NATURE AND TIMING OF THE PROVISIONS

(i) PROVISION FOR LOAN TO ASSOCIATE

Under the shareholders agreement for Mildura Digital Television Pty Limited the shareholders are required to provide funding to meet the losses of the company in proportion to their shareholding. The balance of the provision represents funding owed by the Group to Mildura Digital Television Pty Limited as at 30 June 2013.

(ii) PROVISION FOR ASSET DECOMMISSIONING

The Group has recognised a provision for decommissioning costs for the removal of analogue transmission equipment. The increase in provision is due to the analogue signal being switched off earlier than anticipated in Western Australia.

(iii) DIRECTOR'S RETIRING PROVISION

Refer to Remuneration Report. The Directors' Retiring provision was approved by shareholders in November 1997.

(iv) ONEROUS CONTRACTS PROVISION

Upon acquisition of Prime Digital Media Pty Limited management identified numerous unavoidable contractual obligations where the value of the obligation exceeded the likely economic benefit that will arise from these obligations. As a result management raised a provision for the losses expected under these contracts.

As at 30 June 2011 the Group had exited the Prime Digital Media business. The provision was settled in 2013.

(v) REDUNDANCY PROVISION

In 2012 the Group recognised a provision for redundancy in relation to restructuring its Television operations. This provision balance was settled in July 2012.

(vi) LONG SERVICE LEAVE

Refer to Note 2(t) for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

22 CONTRIBUTED EQUITY

(A) ISSUED AND PAID UP CAPITAL

	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
Ordinary shares fully paid 366,330,303 shares (2012: 366,330,303 shares)	**310,262**	310,262

(B) MOVEMENTS IN SHARES ON ISSUE

ORDINARY	2013 NUMBER OF SHARES	2013 $'000	2012 NUMBER OF SHARES	2012 $'000
Beginning of the financial year	**366,330,303**	**310,262**	366,330,303	310,262
Issued during the year				
Shares issued as consideration for equity settled transaction	**–**	**–**	–	–
End of the financial year	**366,330,303**	**310,262**	366,330,303	310,262

(C) EQUITY SETTLED SHARE BASED PAYMENTS

PERFORMANCE RIGHTS OVER ORDINARY SHARES

Executive Performance Rights Plan

During the financial year 1,580,000 performance rights (2012: 1,258,000) were issued over ordinary shares. During the financial year 292,000 performance rights lapsed (2012: Nil), nil performance rights were forfeited (2012: Nil) and nil performance rights were cancelled by the Company (2012: Nil).

At the end of the year there were 2,546,000 (2012: 1,258,000) un-issued ordinary shares in respect of which performance rights were outstanding.

(D) TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

ORDINARY SHARES

Holders of ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(E) CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value.

The Group manages its capital structure and has regard for changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

During 2013, the Company paid dividends of $26,742,000 (2012: $20,881,000). The Board's target for dividend payments is 75% of core earnings per share. The Board reviews the dividend target as necessary.

The Board and management monitor capital requirements with regard to its banking covenant requirements as well as comparative guidance to companies of similar size and nature of operations. The key capital management measures that the Company reviews on an ongoing basis are:

	TARGET	AT BALANCE DATE
Shareholder funds (Net Assets) (1)	> $135,000,000	$268,844,000
Net Debt to EBITDA	< 3.5 times	2.1
Interest Cover to EBITDA	> 3.0 times	8.8

(1) Shareholder Funds have been adjusted to reflect the value of the Licences, as set out in the most recent independent valuation obtained December 2012.

23 RETAINED EARNINGS AND RESERVES

	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
General reserve	**(2,288)**	(2,787)
Foreign currency translation	**–**	–
Employee benefits equity reserve	**3,207**	2,822
	919	35
Accumulated losses	**(156,801)**	(150,270)

(A) EMPLOYEE BENEFITS EQUITY RESERVE

(i) NATURE AND PURPOSE OF RESERVE

The employee benefits equity reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 28 for further details of these plans.

(ii) MOVEMENTS IN RESERVE

	2013 $'000	2012 $'000
Balance at beginning of year	**2,822**	2,709
Share based payment	**385**	113
Balance at end of year	**3,207**	2,822

(B) GENERAL RESERVE

(i) NATURE AND PURPOSE OF RESERVE

This reserve account reflects the value of acquired non-controlling interests in controlled entities after the initial control transaction has occurred.

(ii) MOVEMENTS IN RESERVE

	2013 $'000	2012 $'000
Balance at beginning of year	**(2,787)**	(2,787)
Fair value increase in available for sale financial assets	**499**	–
Balance at end of year	**(2,288)**	(2,787)

(C) (ACCUMULATED LOSSES)/RETAINED PROFITS

	2013 $'000	2012 $'000
Balance at the beginning of year	**(150,270)**	(157,071)
Net profit attributable to members of Prime Media Group Limited	**20,211**	27,682
Total accumulated losses	**(130,059)**	(129,389)
Dividends provided for or paid	**(26,742)**	(20,881)
Balance at end of year	**(156,801)**	(150,270)

24 DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
Current Liabilities		
Interest rate swap contracts	**–**	573

(A) INSTRUMENTS USED BY THE GROUP

INTEREST RATE SWAP AGREEMENTS

The Company's Swap agreements expired in August 2012. The Company reviews its hedging requirements on an ongoing basis.

(B) INTEREST RATE RISK

Information regarding interest rate risk exposure is set out in Note 4.

(C) CREDIT RISK

Credit risk arises from the potential failure of counterparties to meet their obligations at maturity of contracts. This arises on derivative financial instruments with unrealised gains. Management has arranged to share counterparty risks of contracts across creditworthy third parties.

25 EXPENDITURE COMMITMENTS

	CONSOLIDATED 2013 $'000	2012 $'000
(A) CAPITAL EXPENDITURE COMMITMENTS		
Estimated capital expenditure contracted for at reporting date, but not provided for, payable:		
– not later than one year	**843**	3,619

Included in the above disclosed capital commitments at 30 June 2013 is approximately $100,000 (2012: Approximately $1 million) in expenditure relating to the roll out of digital transmission in Western Australia. The Company is entitled to claim government grant income to fund 50% of this expenditure up to a pre-determined cap. The amounts disclosed above are the gross amounts before taking into consideration this government funding.

(B) LEASE EXPENDITURE COMMITMENTS

OPERATING LEASES (CONTINUING OPERATIONS GROUP AS LESSEE):

	2013 $'000	2012 $'000
Minimum lease payments		
– not later than one year	**6,767**	6,769
– later than one year and not later than five years	**16,540**	17,396
– later than five years	**12,244**	12,244
Aggregate lease expenditure contracted for at reporting date	**35,551**	36,409

Operating leases have an average lease term of 3 years for Motor Vehicles, 3 years (+ 3 year options) for building leases, and 5-15 years for transmission site access agreements. Motor Vehicle leases are fixed monthly rentals for the term of the lease. Building leases are generally fixed for the initial lease term, then subject to CPI adjustments if options are taken up. The majority of the transmission sites leases are rentals that are subject to annual CPI adjustment. There are no restrictions placed upon the lessee by entering into these leases.

(C) LEASE EXPENDITURE COMMITMENTS

Certain assets owned or under operating leases with excess capacity have been sub-let to third parties. These non-cancellable leases have remaining terms of between 1 to 15 years. All leases include clauses to enable upward revision of the rental charges on an annual basis according to increases in the Consumer Price Index.

OPERATING LEASES (NON-CANCELLABLE GROUP AS LESSOR):

	2013 $'000	2012 $'000
Minimum lease payments receivable		
– not later than one year	**1,642**	1,611
– later than one year and not later than five years	**4,303**	3,468
– later than five years	**1,665**	793
Aggregate lease income contracted for at reporting date	**7,610**	5,872

(D) OTHER COMMITMENTS COVERING THE RENTAL OF TECHNICAL EQUIPMENT UNDER A LONG TERM AGREEMENT

The technical communications equipment that is fundamental to the distribution of the Group TV programming and data communications are leased through long term operating leases between 7 and 15 years.

	2013 $'000	2012 $'000
– not later than one year	**7,326**	7,113
– later than one year and not later than five years	**9,459**	16,716
– later than five years	**–**	–
	16,785	23,829

(E) FINANCE LEASE COMMITMENTS:

	2013 $'000	2012 $'000
– not later than one year	**337**	1,820
– later than one year and not later than five years	**1,047**	1,384
– later than five years	**–**	–
Total minimum lease payments	**1,384**	3,204
– future finance charges	**(214)**	(405)
Lease Liability	**1,170**	2,799
– current liability	**252**	1,629
– non-current liability	**918**	1,170
	1,170	2,799

(F) FINANCE LEASE COMMITMENTS AT PRESENT VALUE:

	CONSOLIDATED 2013 $'000	2012 $'000
– not later than one year	**324**	1,720
– later than one year and not later than five years	**846**	1,079
– later than five years	**–**	–
Present Value of minimum lease payments	**1,170**	2,799

(G) OTHER COMMITMENTS COVERING TRANSMISSION MAINTENANCE, SITE INSTALLATION AND MANAGEMENT SERVICES

The Company entered into a contract with Broadcast Transmission Services Pty Limited (refer to Note 31) on 1 April 2008, for the provision of site maintenance services over a 10 year period at an annual cost of $1,200,000 per annum.

	2013	2012
– not later than one year	**1,200**	1,200
– later than one year and not later than five years	**4,500**	4,800
– later than five years	**–**	900
	5,700	6,900

26 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has issued the following guarantee at 30 June 2013:

(a) It has guaranteed to an unrelated third party the payment of a contractual commitment of WA SatCo Pty Limited, an associate company in which the Group holds 50% of the share capital. WA SatCo Pty Limited has entered into a non-cancellable contract for the purchase of satellite services in WA for a period of 8 years until 30 June 2020 at the rate of $2,346,192 per annum. In the event that WA SatCo Pty Limited defaults on any payments under this contract, the Group may be liable for full payment under the guarantee it has provided. WA SatCo Pty Limited has simultaneously entered into an agreement with the Commonwealth Government which provides for 100% funding of this satellite service for a period of 9 years until 30 June 2020. This agreement can be terminated without notice by the Commonwealth Government.

	CONSOLIDATED 2013 $'000	2012 $'000
Maximum potential contingent commitment arising from the above mentioned guarantee:		
– not later than one year	**2,346**	2,346
– later than one year and not later than five years	**9,384**	9,384
– later than five years	**4,692**	7,038
Maximum contingent commitments	**16,422**	18,768

As noted above this entire amount in maximum potential contingent commitment is offset in entirety by government funding.

27 EMPLOYEE BENEFIT LIABILITY

EMPLOYEE BENEFITS

	NOTES	CONSOLIDATED 2013 $'000	2012 $'000
The aggregate employee benefit liability is comprised of:			
Accrued annual leave and long service leave (current)	19	**4,670**	5,209
Accrued long service leave (non-current)	21	**394**	481
		5,064	5,690

SUPERANNUATION BENEFITS

A superannuation plan has been established by the economic entity for the provision of benefits to Australian employees of the economic entity on retirement, death or disability. Benefits provided under this plan are based on contributions for each employee and at retirement are equivalent to accumulated contributions and earnings. All death and disability benefits are insured with various life assurance companies. Employees contribute various percentages of their gross income and the Company also contributes at varying rates. The Company's contributions under the Superannuation Guarantee Levy are legally enforceable.

28 SHARE BASED PAYMENTS

(A) RECOGNISED SHARE BASED PAYMENT EXPENSES

The expense recognised for employee services received during the year is shown in the table below:

	CONSOLIDATED	
	2013 $'000	2012 $'000
Expense arising from equity-settled share-based payment transactions	**385**	113

The share-based payment plan is described below. During the financial year, nil performance rights (2012: Nil) lapsed, nil performance rights (2012: Nil) were forfeited and nil performance rights (2012: Nil) were cancelled.

(B) PRIME MEDIA EXECUTIVE PERFORMANCE RIGHTS PLAN

An Executive Performance Rights Plan was established by the Company in 2012, whereby the Company grants rights over the ordinary shares of Prime Media Group Limited to Executives of the consolidated entity. The rights are issued for nil consideration and are granted in accordance with the plan's guidelines established by the Directors of Prime Media Group Limited. The rights vest over a 36 month period subject to continuing service and achieving the following targets:

- 60% of the rights will be subject to achievement of annual core earnings per share (EPS) targets; and
- 40% of the rights will be subject to achievement of annual power ratio targets (revenue share: audience share).

The rights cannot be transferred and will lapse 30 days after vesting date.

(C) SUMMARIES OF RIGHTS GRANTED UNDER PRIME MEDIA PERFORMANCE RIGHTS AND OPTION PLAN

The following table outlines the number (No.) and weighted average exercise price (WAEP) of, and movements in, performance rights on issue during the year.

	2013		2012	
	NO.	WAEP	NO.	WAEP
Balance at beginning of year	**1,258,000**	**–**	–	–
– granted	**1,580,000**	**$0.00**	1,258,000	$0.00
– exercised	**–**	**–**	–	–
– lapsed	**292,000**	**–**	–	–
– cancelled	**–**	**–**	–	–
– forfeited	**–**	**–**	–	–
Balance at end of year	**2,546,000**	**$0.00**	1,258,000	$0.00
Exercisable at end of year	**–**	**–**	–	–

(D) PERFORMANCE RIGHTS PRICING MODEL

PRIME MEDIA PERFORMANCE RIGHTS

Employees must remain in service for period of three years from date of grant. The fair value of performance rights granted is estimated at the date of the grant using a Monte-Carlo simulation model, taking into account the terms and conditions upon which the performance rights were granted.

The fair value of performance rights granted during the year were estimated on the date of grant using the following inputs to the model:

	2013		2012	
	OCTOBER 2012	NOVEMBER 2012	SEPTEMBER 2011	NOVEMBER 2011
Dividend yield (%)	**8.23**	**8.23**	6.33	6.33
Expected volatility (%)	**33.65**	**35.02**	26.57	27.24
Risk-free interest rate (%)	**2.56**	**2.64**	3.62	3.05
Expected life of performance rights (years)	**3**	**3**	3	3
Performance rights exercise price ($)	**$0.00**	**$0.00**	$0.00	$0.00
Share price at grant date ($)	**$0.80**	**$0.81**	$0.66	$0.66

The dividend yield reflects the assumption that the current dividend payout will continue. The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

(E) WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE.

The weighted average remaining contractual life of performance rights outstanding as at 30 June 2013 is 2.0 years (2012: 3 years).

(F) RANGE OF EXERCISE PRICE

The range of exercise price for performance rights outstanding at the end of the year was $0.00 (2012: $0.00).

(G) WEIGHTED AVERAGE FOR VALUE

The weighted average fair value of performance rights granted during the year was $0.63 (2012: $0.55).

29 EVENTS AFTER THE REPORTING PERIOD

On 12 August 2013 the Group announced the sale of the Prime radio entities that held four AM and six FM licences in regional Queensland, for a minimum of $24,525,000 plus surplus cash to be determined at the date of completion. The sale is expected to be completed on 30 August 2013. As a consequence of the sale, the radio assets and liabilities have been classified as held for sale and the segment operations reclassified as discontinuing in the current and prior year Consolidated Statement of Comprehensive Income.

30 AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2013 $'000	2012 $'000
Amounts received or due and receivable by Ernst & Young Australia for:		
– an audit or review of the financial report of the entity and any other entity in the consolidated entity	**281,200**	290,713
– other services in relation to the entity and any other entity in the consolidated entity	**121,444**	106,099
	402,644	396,812
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
– Taxation services provided by Ernst & Young New Zealand	**11,203**	18,623
– other services provided by Ernst & Young New Zealand	**26,327**	23,059
	37,530	41,682
	440,174	438,494

31 RELATED PARTY DISCLOSURES

(A) SUBSIDIARIES

The consolidated financial statements include the financial statements of Prime Media Group Limited and the subsidiaries listed in the following table.

		EQUITY INTEREST	
NAME	COUNTRY OF INCORPORATION	2013 %	2012 %
Prime Television (Holdings) Pty Limited	Australia	**100**	100
Zamojill Pty Limited	Australia	**100**	100
Prime Television (Southern) Pty Limited	Australia	**100**	100
Prime Television (Northern) Pty Limited	Australia	**100**	100
Prime Television (Victoria) Pty Limited	Australia	**100**	100
Prime Properties (Albury) Pty Limited	Australia	**100**	100
Prime Television New Zealand Limited	New Zealand	**100**	100
Prime Ventures New Zealand Limited	New Zealand	**100**	100
Prime Television Digital Media Pty Limited	Australia	**100**	100
Prime Television (Investments) Pty Limited	Australia	**100**	100
Golden West Network Pty Limited	Australia	**100**	100
Mining Television Network Pty Limited	Australia	**100**	100
Telepro Pty Limited	Australia	**100**	100
Golden West Satellite Communications Pty Limited	Australia	**100**	100
135 Nominees Pty Limited	Australia	**100**	100
Mid-Western Television Pty Limited	Australia	**100**	100
Geraldton Telecasters Pty Limited	Australia	**100**	100
Prime Radio (Cairns) Pty Limited	Australia	**100**	100
Prime Radio (Townsville) Pty Limited	Australia	**100**	100
Prime Radio (Barrier Reef) Pty Limited	Australia	**100**	100
Prime Radio (Rockhampton) Pty Limited	Australia	**100**	100
Prime Radio (Gladstone) Pty Limited	Australia	**100**	100
Prime Radio (Mackay) Pty Limited	Australia	**100**	100
Prime Radio Holdings Pty Limited	Australia	**100**	100
Prime Radio (Cairns-AM) Pty Ltd	Australia	**100**	100
Prime Radio (Mackay-AM) Pty Ltd	Australia	**100**	100
Prime Media Communications Pty Limited	Australia	**100**	100
Prime New Media Investments Pty Limited	Australia	**100**	100
Seven Affiliate Sales Pty Limited	Australia	**100**	100
Prime Media Broadcasting Services Pty Limited	Australia	**100**	100
Prime Media Group Services Pty Limited	Australia	**100**	100

32 KEY MANAGEMENT PERSONNEL

NAME	COUNTRY OF INCORPORATION	EQUITY INTEREST 2013 %	EQUITY INTEREST 2012 %
AMI Radio Pty Limited	Australia	**100**	100
Hot 91 Pty Limited	Australia	**100**	100
Prime Digital Media Pty Limited	Australia	**100**	100
Broadcast Production Services Pty Limited	Australia	**100**	100
Production Strategies Pty Limited as trustee for Production Strategies Discretionary Trust	Australia	**100**	100
Wastar International Pty Ltd	Australia	**100**	100
Screenworld Pty Ltd	Australia	**100**	100
OSB Holdings Pty Ltd as trustee for the OSB Unit Trust	Australia	**100**	100
On Site Broadcasting Pty Limited	Australia	**100**	100
OSB Australia Pty Ltd	Australia	**100**	100
OSB Corporation Pty Limited	Australia	**100**	100
On Corporation Pty Limited	Australia	**100**	100
Broadcast Rentals Pty Limited	Australia	**100**	100

(B) ULTIMATE PARENT

Prime Media Group Limited is the ultimate Australian entity and the ultimate parent entity of the Group.

(C) KEY MANAGEMENT PERSONNEL (KMP)

Details relating to KMP, including remuneration paid, are included in the Remuneration Report and Note 32.

(D) TRANSACTIONS WITH RELATED PARTIES

WHOLLY OWNED GROUP TRANSACTIONS

Sales and purchases are made within the wholly owned group in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year end are unsecured, interest free and settled through intercompany accounts.

RBA HOLDINGS PTY LIMITED

This company is owned by regional television operators. This company operates as a provider of transmission facilities under the Digital Black Spots Infill licence. The Company has entered into agreements under normal commercial terms and conditions with this company to use these transmission facilities for periods up to 10 years.

REGIONAL TAM PTY LIMITED

This company is owned by regional television operators to facilitate and manage the audience metering services for the regional television markets. The Company is party to a commercial agreement in which it purchases ratings services from Regional TAM Pty Limited. This agreement is under normal commercial terms and conditions.

WA SATCO PTY LIMITED

WA SatCo Pty Limited is owned by the Company and WIN Television Pty Limited and has been engaged by the Commonwealth Government to provide the WA Vast Service for a period of 20 years. The shareholders of the company provide services to WA SatCo to enable its operations. These services are recovered from WA SatCo on a cost recovery basis.

BROADCAST TRANSMISSION SERVICES PTY LIMITED (BTS)

The Company has a 33% shareholding in BTS. BTS provides transmission maintenance, site installation and management services to regional broadcasters and other third party customers. The Company entered into a contract with BTS for the provision of site maintenance services over a 10 year period at an annual cost of $1,200,000 per annum under normal commercial terms and conditions.

CHANNEL SEVEN QUEENSLAND PTY LIMITED

The Company provides sales representation services to Seven Queensland Pty Limited, an entity associated with one of the Company's major shareholders. The fees payable by Seven Queensland Pty Limited are based on normal commercial terms and conditions applicable to this type of service.

(A) DETAILS OF KEY MANAGEMENT PERSONNEL

(i) DIRECTORS

P.J. Ramsay AO	Chairman (non-executive)
M.S. Siddle	Deputy Chairman (non-executive)
P.J. Evans FCA	Director (non-executive)
A.A. Hamill	Director (non-executive)
I.P. Grier AM	Director (non-executive)
I.R. Neal	Director (non-executive)
I.C. Audsley	Director (Chief Executive Officer)

(ii) EXECUTIVES

D. Walker	Group General Manager Sales and Marketing
S. Wood	Group General Manager Operations
E. McDonald	General Counsel and Company Secretary
G. Smith	Chief Technology Officer
J. Palisi	Chief Financial Officer (appointed 1 October 2012)

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

(B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

	CONSOLIDATED	
	2013 $'000	2012 $'000
Short term employee benefits	**4,340**	4,331
Post-employment benefits	**120**	127
Long term benefits	**96**	573
Termination benefits	**–**	387
Share based payments	**364**	116
	4,920	5,534

Details of remuneration amounts paid to individual KMP are disclosed in tables 1 and 2 of section 4 of the Remuneration Report.

(C) EQUITY SETTLED SHARE BASED PAYMENTS OF KEY MANAGEMENT PERSONNEL

						VESTED AT 30 JUNE 2013	
2013	BALANCE AT BEGINNING OF PERIOD 1 JULY 2012	GRANTED AS REMUNERATION	PERFORMANCE RIGHTS EXERCISED	NET CHANGE OTHER	BALANCE AT END OF PERIOD 30 JUNE 2013	NOT EXERCISABLE	EXERCISABLE
Directors							
Ian Audsley	**615,000**	**700,000**	**–**	**–**	**1,315,000**	**–**	**–**
Other Executives							
Shane Wood	**167,000**	**200,000**	**–**	**–**	**367,000**	**–**	**–**
Dave Walker	**184,000**	**230,000**	**–**	**–**	**414,000**	**–**	**–**
John Palisi	**–**	**200,000**	**–**	**200,000**	**–**	**–**	
Emma McDonald	**–**	**100,000**	**–**	**–**	**100,000**	**–**	**–**
Lesley Kennedy	**292,000**	**–**	**–**	**(292,000)**	**–**	**–**	**–**
	1,258,000	**1,430,000**	**–**	**(292,000)**	**2,396,000**	**–**	**–**

						VESTED AT 30 JUNE 2012	
2012	BALANCE AT BEGINNING OF PERIOD 1 JULY 2011	GRANTED AS REMUNERATION	PERFORMANCE RIGHTS EXERCISED	NET CHANGE OTHER	BALANCE AT END OF PERIOD 30 JUNE 2012	NOT EXERCISABLE	EXERCISABLE
Directors							
Ian Audsley	–	615,000	–	–	615,000	–	–
Other Executives							
Lesley Kennedy	–	292,000	–	–	292,000	–	–
Shane Wood	–	167,000	–	–	167,000	–	–
Dave Walker	–	184,000	–	–	184,000	–	–
	–	1,258,000	–	–	1,258,000	–	–

32 KEY MANAGEMENT PERSONNEL (CONTINUED)

(D) SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

SHARES HELD IN PRIME MEDIA GROUP LIMITED (NUMBER)	OPENING BALANCE ORD.	GRANTED AS REMUNERATION ORD.	ON EXERCISE OF RIGHTS ORD.	NET CHANGE OTHER ORD.	CLOSING BALANCE ORD.
30 June 2013					
Directors					
P.J.Ramsay AO	**109,903,654**	**–**	**–**	**–**	**109,903,654**
M.S.Siddle	**984,082**	**–**	**–**	**–**	**984,082**
P.J.Evans FCA	**24,286**	**–**	**–**	**–**	**24,286**
Total	**110,912,022**	**–**	**–**	**–**	**110,912,022**
30 June 2012					
Directors					
P.J.Ramsay AO	109,903,654	–	–	–	109,903,654
M.S.Siddle	984,082	–	–	–	984,082
P.J.Evans FCA	24,286	–	–	–	24,286
Executives					
D.Edwards	56,572	–	–	–	56,572
Total	110,968,594	–	–	–	110,968,594

All equity transactions with specified directors and specified executives other than those arising from the exercise of remuneration rights have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(E) LOANS TO KEY MANAGEMENT PERSONNEL

(i) DETAILS OF KEY MANAGEMENT PERSONNEL WITH LOANS IN THE REPORTING PERIOD ARE AS FOLLOWS:

	BALANCE AT BEGINNING OF PERIOD $'000	INTEREST CHARGED $'000	LOAN BALANCE WAIVED $'000	LOAN REPAYMENTS $'000	BALANCE AT END OF PERIOD $'000	INTEREST NOT CHARGED $'000	HIGHEST LOAN BALANCE DURING YEAR $'000
30 June 2013							
Executives							
D. Edwards	**100**	**–**	**100**	**–**	**–**	**–**	**100**
G. Smith	**40**	**–**	**40**	**–**	**–**	**–**	**40**
Total	**140**	**–**	**140**	**–**	**–**	**–**	**140**
30 June 2012							
Executives							
D. Edwards	200	–	100	–	100	10	200
G. Smith	80	–	40	–	40	4	80
Total	280	–	140	–	140	14	280

(ii) TERMS AND CONDITIONS OF LOANS

The Company wound up its Executive Loan Scheme effective 1 July 2012 and a provision for the loan balance as at 30 June 2012 was raised. The loans to executives were interest free and forgiven on the basis of continued services with the company. 20% of the original loan balance was forgiven on 1 July of each year if the executive remained employed with the company at that date. If the executive terminated their employment during the 5 year period the balance of the loan at the date of termination was repayable by the executive on the date of termination. Executives had the option of making repayments during the course of the loan or having further amounts waived from these loan balances by taking reductions in salary or forgoing the payment of entitlements such as bonuses. Any loan amount waived by the company was subject to fringe benefits tax at the cost of the company.

(F) OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

There were no other transactions and balances with key management personnel other than those disclosed in this note during the year ended 30 June 2013.

33 PARENT ENTITY INFORMATION

	PRIME MEDIA GROUP LIMITED 2013 $'000	PRIME MEDIA GROUP LIMITED 2012 $'000
INFORMATION RELATING TO PRIME MEDIA GROUP LIMITED		
Current assets	**92**	84
Total assets	**896,018**	929,157
Current liabilities	**8,317**	10,068
Total liabilities	**631,598**	630,404
Issued capital	**310,262**	310,262
Retained earnings	**(49,675)**	(14,959)
Employee benefits equity reserve	**3,833**	3,450
Total shareholders' equity	**264,420**	298,753
Profit or loss of the parent entity	**(7,361)**	(9,883)
Total comprehensive income of the parent entity	**(7,361)**	(9,883)

GUARANTEES ENTERED INTO BY PRIME MEDIA GROUP LIMITED IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

As a condition of the Class Order, Prime Media Group Limited and its 100% owned Australian resident subsidiaries (the "Closed" Group) entered into a Deed of Cross Guarantee on 17 October 2006. The effect of the deed is that Prime Media Group Limited has guaranteed to pay any deficiency in the event that a controlled entity within the Closed Group is wound up. The controlled entities within the Closed Group have also given a similar guarantee in the event that Prime Media Group Limited is wound up (refer Note 15).

CONTINGENT LIABILITIES OF PRIME MEDIA GROUP LIMITED

By virtue of being a member of the Deed of Cross Guarantee mentioned above, the Company has guaranteed to pay any deficiency in the event of winding up Golden West Networks Pty Limited (GWN), a wholly owned subsidiary and party to the Deed of Cross Guarantee. GWN has guaranteed to an unrelated third party the payment of a contractual commitment on behalf of WA SatCo Pty Limited, an associate company in which GWN holds 50% of the share capital. WA SatCo Pty Limited has entered into a non-cancellable contract for the purchase of satellite services in WA for a period of 8 years until 30 June 2020 at the rate of $2,346,192 per annum. In the event that WA SatCo Pty Limited defaults on any payments under this contract, GWN may be liable for full payment under the guarantee it has provided. WA SatCo Pty Limited has simultaneously entered into an agreement with the Commonwealth Government which provides for 100% funding of this satellite service for a period of 8 years until 30 June 2020. This agreement can be terminated without notice by the Commonwealth Government.

CONTRACTUAL COMMITMENTS FOR THE ACQUISITION BY PRIME MEDIA GROUP LIMITED OF PROPERTY, PLANT AND EQUIPMENT

The Company has no contractual commitments for the acquisition of property, plant and equipment (2012: nil).

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2013

In accordance with a resolution of the directors of Prime Media Group Limited, I state that:

(1) In the opinion of the directors:

  (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

    (ii) complying with Accounting Standards and the Corporations Regulations 2001;

  (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2b;

  (c) 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

  (d) as at the date of this declaration, there are reasonable grounds to believe the members of the Closed Group identified in Note 15 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

(2) This declaration has been made after receiving the declarations required to be made to the Directors from the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2013.

On behalf of the Board

P. J. Evans FCA
Director

Sydney, 28 August 2013

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Independent auditor's report to the members of Prime Media Group Limited

Report on the financial report

We have audited the accompanying financial report of Prime Media Group Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit.
We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

a. the financial report of Prime Media Group Limited is in accordance with the *Corporations Act 2001*, including:
   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Prime Media Group Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

David Simmonds
Partner
Sydney
28 August 2013

ASX ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2013

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 27 September 2013.

(A) DISTRIBUTION OF EQUITY SECURITIES

ORDINARY SHARES

As at 27 September 2013, total number of fully paid up shares on issue is 366,330,303.

The number of shareholders, by size of holding, in each class of share are:

	NUMBER OF HOLDERS
1–1,000	470
1,001–5,000	467
5,001–10,000	220
10,001–100,000	303
100,001 and over	54
	1,514
The number of shareholders holding less than a marketable parcel of shares:	466

(B) TWENTY LARGEST REGISTERED SHAREHOLDERS

The names of the twenty largest registered holders of quoted shares at 27 September 2013 are:

	LISTED ORDINARY SHARES	
	NUMBER OF SHARES	PERCENTAGE OF ORDINARY SHARES
1. Paul Ramsay Holdings Pty Limited	108,318,159	29.57
2. RBC Dexia Investor Services Australia Nominees Pty Limited	68,667,250	18.74
3. National Nominees Limited	47,499,309	12.97
4. Network Investment Holdings Pty Limited	41,701,955	11.38
5. BNP Paribas Noms Pty Limited	14,411,404	3.93
6. Citicorp Nominees Pty Limited	13,907,182	3.80
7. JP Morgan Nominees Australia Limited	13,645,122	3.72
8. HSBC Custody Nominees (Australia) Limited	12,886,971	3.52
9. Birketu Pty Limited	7,824,811	2.14
10. Mr George Walter Mooratoff	5,000,000	1.36
11. AMP Life Limited	2,938,216	0.80
12. UBS Nominees Pty Limited	2,181,486	0.60
13. Equity Trustees Limited	1,859,318	0.51
14. Paul Ramsay Foundation Pty Limited	1,585,285	0.43
15. Sandhurst Trustees Ltd	1,205,857	0.33
16. Mr Michael Siddle & Mrs Lee Siddle ATF Siddle Family	983,572	0.27
17. WIN Corporation Pty Limited	900,000	0.25
18. Mr Jan Sinclair and Mrs Anne Sinclair <Sinclair Super Fund>	750,000	0.20
19. Equitas Nominees Pty Limited	677,514	0.18
20. BFA Pty Limited	500,000	0.14
	347,443,411	94.84

ASX ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2013

(C) SUBSTANTIAL SHAREHOLDERS

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

	NUMBER OF SHARES	PERCENTAGE OF ORDINARY SHARES
Mr Paul Ramsay and Paul Ramsay Holdings Pty Limited	109,903,654	30.00%
Perpetual Limited	51,781,999	14.14%
Network Investment Holdings Pty Ltd and Seven Group Holdings Limited	41,701,955	11.38%#
Ashblue Holdings Pty Limited and Mr Kerry Stokes	41,701,955	11.38%#
North Aston Pty Limited, Wroxby Pty Limited, Australian Capital Equity Pty Limited, ACE Group entities and Mr Kerry Stokes	41,701,955	11.38%#
Invesco Australia Limited	19,509,586	5.33%

These substantial shareholdings relate to the same parcel of shares.

(D) VOTING RIGHTS

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

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PRIME MEDIA GROUP

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