



## MEDIA RELEASE

### **PRIME MEDIA GROUP (ASX: PRT) ANNOUNCES 53% INCREASE IN CORE NET PROFIT AFTER TAX**

- **Net Profit After Tax of \$27.1M – up 53%\***
- **Revenue of \$257M – up 9%\***
- **EBITDA of \$59.2M – up 17%\***
- **EPS of 7.4 cents – up 51%\***
- **Final Dividend per Share of 2.4 cents**
- **Gearing ratio reduced to 2.29 (3.23 pcp)**

\*continuing operations (before significant items)

**25<sup>TH</sup> August, 2011**

Prime Media Group (ASX:PRT) today announced consolidated net profit after tax for the financial year ended 30 June 2011 of \$27.2million, an increase of \$81.7m over the prior year loss of \$54.5million.

Excluding Discontinuing Operations and Significant Items the Group delivered a core NPAT of \$27.2million, an increase of \$9.5million or 53% on the prior year.

EBITDA increased by 17.4% to \$59.2million and Revenue increased 9% to \$257 million.

Prime Media Group's improved performance is the result of a company-wide rationalisation and restructure that included the disposal of non-core and non-broadcasting assets, a management restructure, and strong performance from its television and radio divisions.

Prime Media Group CEO Ian Audsley said: *"The restructure of the business, together with the rebound of the television advertising market in the first half, has delivered a strong result and a solid improvement in Shareholders returns"*

In the 3 aggregated markets of northern NSW, southern NSW and Victoria, Prime's television revenue growth of 8.77% outperformed market growth of 7.14%.

Queensland natural disasters restricted Prime Radio Group's revenue growth to 3% however cost restructuring initiatives resulted in an impressive 46% growth in EBITDA.

At a group level, Broadcasting and transmission expenses increased by \$10.5M, or 9%, over the prior year. A scheduled increase in the rate under the Seven Network program supply agreement, together with increased sales volumes resulted in an increase in program costs of 13.5% in the current year. This was partly offset by a reduction in ACMA license fees of 20% in the current year as a result of the increased license fee rebate. The effective rebate rate in the current year was 41.5% (2010: 16.5%).

Additionally, the Company incurred increased staff costs associated with the new digital channels, 7mate and 7TWO.

Sales, marketing and administration cost increased by \$2.1M, or 3.3% over the prior year. Whilst variable selling costs increased by 6.2% as a result of the increase in revenue, the benefits of the Company's cost review program has resulted in general operating cost increases of only 1%.

Prime Media Group Directors declared a fully franked final dividend of 2.4 cents a share.

- Ends -

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Prime Media Group

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## Appendix 4E

### Full Year Report

Name of entity

PRIME MEDIA GROUP LIMITED

ABN

97 000 764 867

Financial year ended ('current period')

30 June 2011

#### Results for announcement to the market

*Extracts from this report for announcement to the market.*

|   | Notes | 12 months ended<br>30/06/2011<br>\$'000 | 12 months ended<br>30/06/2010<br>\$'000 | % increase /<br>(decrease) |
|---|-------|---|---|----------------------------|
| Revenues from continuing operations   |       | 256,998                                 | 236,514                                 | 9%                         |
| Earnings from continuing operations before finance costs, income tax, depreciation, amortisation and significant items (EBITDA) |       | 59,236                                  | 50,442                                  | 17%                        |
| Earnings from continuing operations before finance costs, income tax and significant items (EBIT)                               |       | 49,061                                  | 40,218                                  | 22%                        |
| Net profit after tax from continuing operations and before significant items (NPAT)   |       | 27,207                                  | 17,735                                  | 53%                        |
| Significant income/(expense) items after income tax   |       | 981                                     | (20,071)                                |                            |
| Net loss after income tax from discontinuing operations   |       | (1,022)                                 | (52,208)                                |                            |
| Net profit/(loss) after income tax  |       | 27,166                                  | (54,544)                                |                            |
| Net profit/(loss) after income tax attributable to members  |       | 27,166                                  | (54,459)                                |                            |
| <b>Dividends (distributions)</b>  |       |   |   |                            |
|   |       | Amount per security                     | Franked amount per security             |                            |
| Final dividend<br>Ordinary  |       | 2.4¢                                    | 2.4¢                                    |                            |
| Previous corresponding period<br>Ordinary   |       | 1.4¢                                    | 1.4¢                                    |                            |
| Record date for determining entitlements to the dividend.   |       | 9 September 2011                        |   |                            |



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## **Review and Results of Operations**

The consolidated net profit after tax of the Group attributable to the members of Prime Media Group Limited for the full year of \$27,166,000 (2010: loss \$54,459,000) represents an increase of \$81,625,000 from the prior comparative period.

Excluding the impact of discontinued operations and significant items, the net profit after tax from continuing operations for the full year of \$27,207,000 (2010: \$17,735,000) was \$9,472,000 or 53% up on the previous corresponding period.

During the year the Company disposed of its businesses in outside broadcast production and outdoor cinema. The Company also exited the digital media business effective 30 June 2011 and has disclosed the results of the digital media business as discontinuing operations. The prior year comparatives have been restated to reclassify the revenues and expenses of the digital media business as discontinuing operations. This completes the rationalisation of the group's activities to its core operations of regional broadcasting and associated online activities.

Revenue from continuing operations of \$256,998,000 represents a growth of \$20,484,000, or 9%, on the previous corresponding period, ahead of the growth in the regional television advertising market as quoted by KPMG of 7.1% (AMB, AMC and AMD). The introduction of Prime's digital channels 7TWO, introduced in March 2010 and 7mate, introduced in October 2010, has contributed to this growth.

Broadcasting and transmission expenses increased by \$10,545,000, or 9%, over the previous corresponding period. A scheduled increase in the rate under the channel 7 program supply agreement, together with increased sales volumes resulted in an increase in program costs of 13.5% in the current year. This was partly offset by a reduction in ACMA license fees of 20% in the current period as a result of the increased ACMA license fee rebate. The effective rebate rate in the current year was 41.5% (2010: 16.5%). Additionally, the Company incurred increased staff costs associated with the new digital channels, 7mate and 7TWO.

Sales, marketing and administration costs increased by \$2,069,000, or 3.3% over the previous corresponding period. Whilst variable selling costs increased by 6.2% as a result of the increase in revenue, the benefits of the Company's cost review program has resulted in general operating cost increases of only 1%.

In relation to the cash flow statement, the net cash inflow from operating activities of \$34,419,000 represents an increase of \$1,253,000, or +3.8% on the prior comparative period. The inclusion of the discontinued operations in the cash flow statement is masking the underlying improvement in the cash flows from continuing operating activities. The discontinued operations of the digital media business incurred payments totalling \$5,370,000 in the current year (2010: \$2,416,000) made under an onerous contract provision.

## **Explanation of Dividends**

The directors declared a fully franked final dividend of 2.4c per share for this period (2010: 1.4c per share fully franked) reflecting an increase in the dividend payout rate to 75% of Net Profit After Tax for the final dividend.

## **Details of entities over which control has been gained or lost during the period**

On 28 October 2010, the Group completed the sale of its Australian outside broadcasting operations. As part of the sale, the Group sold 100% of its interests in Zero1Zero HD Pty Limited to Gearhouse Broadcast Pty Ltd.

# PRIME

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## Consolidated Statement of Comprehensive Income

|   | 2011           | 2010            |
|---|----------------|-----------------|
|   | \$'000         | \$'000          |
| <b>Continuing Operations</b>  |                |                 |
| Revenue from services   | 250,030        | 231,365         |
| Interest income   | 420            | 330             |
| Other income  | 6,548          | 4,819           |
| <b>Total revenue and other income</b>   | <b>256,998</b> | <b>236,514</b>  |
| Broadcasting and transmission expenses  | (130,995)      | (120,450)       |
| Sales, marketing and administration expenses                                  | (65,760)       | (63,691)        |
| Depreciation and amortisation expenses  | (10,175)       | (10,224)        |
| Finance costs   | (11,548)       | (11,242)        |
| Share of associate losses   | (586)          | (1,601)         |
| <b>Profit from continuing operations before specific items and income tax</b> | <b>37,934</b>  | <b>29,306</b>   |
| <i>Specific items</i>   |                |                 |
| – Gain from MtM derivative financial instruments                              | 1,333          | 1,518           |
| – Fair value movement in receivable – deferred contingent consideration       | 1,181          | -               |
| – Transfer of foreign currency translation reserve to profit and loss         | (995)          | -               |
| – Gain from disposal of available for sale financial assets                   | -              | 921             |
| – Impairment expense – intangible assets (radio broadcast licences)           | -              | (12,529)        |
| – Impairment expense – loan to associates                                     | -              | (4,384)         |
| – Impairment expense – television program rights                              | -              | (1,302)         |
| – Restructuring expense   | -              | (2,207)         |
| – CEO termination expenses  | -              | (1,871)         |
| – Once off increase to Employee Entitlements resulting from award change      | -              | (626)           |
| – destra administration costs   | -              | (226)           |
| – Redundancies  | (198)          | (718)           |
| <b>Profit before income tax from continuing operations</b>                    | <b>39,255</b>  | <b>7,882</b>    |
| Income tax expense  | (11,067)       | (10,218)        |
| <b>Profit/(Loss) after tax from continuing operations</b>                     | <b>28,188</b>  | <b>(2,336)</b>  |
| <b>Discontinuing Operations</b>   |                |                 |
| <b>Loss after tax from discontinuing operations</b>                           | <b>(1,022)</b> | <b>(52,208)</b> |
| <b>Profit/(Loss) after tax</b>  | <b>27,166</b>  | <b>(54,544)</b> |



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**Consolidated Statement of Comprehensive Income (continued)**

|   | 2011   | 2010     |
|---|--------|----------|
|   | \$'000 | \$'000   |
| <b>Other comprehensive income</b>   |        |          |
| – Transfer of foreign currency translation reserve to profit and loss                   | 995    | 1,032    |
| – Foreign currency translation differences for the period recognised directly in equity | (201)  | 218      |
| <b>Other comprehensive income after tax</b>   | 794    | 1,250    |
| <b>Total comprehensive income after tax</b>   | 27,960 | (53,294) |
| <b>Profit/(Loss) for the period is attributable to:</b>                                 |        |          |
| Non-controlling interest  | -      | (85)     |
| Owners of the Parent  | 27,166 | (54,459) |
|   | 27,166 | (54,544) |
| <b>Total comprehensive income for the period is attributable to:</b>                    |        |          |
| Non-controlling interest  | -      | (85)     |
| Owners of the Parent  | 27,960 | (53,209) |
|   | 27,960 | (53,294) |
| <b>Basic Earnings per share (cents per share)</b>                                       |        |          |
| - profit/(loss) for the year  | 7.4    | (15.0)   |
| - profit/(loss) from continuing operations  | 7.7    | (0.6)    |
| - profit/(loss) from continuing operations before significant items                     | 7.4    | 4.9      |
| <b>Diluted Earnings per share (cents per share)</b>                                     |        |          |
| - diluted for profit/(loss) for the year  | 7.4    | (15.0)   |



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**Consolidated Balance Sheet**

|   | 2011           | 2010           |
|---|----------------|----------------|
|   | \$'000         | \$'000         |
| <b>ASSETS</b>   |                |                |
| <b>Current Assets</b>   |                |                |
| Cash and cash equivalents   | 19,374         | 5,664          |
| Trade and other receivables   | 54,387         | 51,514         |
| Intangible assets   | 616            | 832            |
| Other assets  | 2,001          | 2,462          |
| Current tax assets  | -              | 57             |
|   | <b>76,378</b>  | <b>60,529</b>  |
| Assets of disposal group classified as held for sale                    | -              | 39,888         |
| <b>Total Current Assets</b>   | <b>76,378</b>  | <b>100,417</b> |
| <b>Non-Current assets</b>   |                |                |
| Receivables   | 672            | 317            |
| Investments in associates   | -              | 80             |
| Investment in available for sale financial assets                       | 5,138          | 3,137          |
| Property, plant and equipment   | 54,334         | 56,308         |
| Deferred tax assets   | 8,052          | 12,093         |
| Intangible assets and goodwill  | 224,694        | 225,284        |
| Other assets  | 2,332          | 1,561          |
| <b>Total Non-Current Assets</b>   | <b>295,222</b> | <b>298,780</b> |
| <b>TOTAL ASSETS</b>   | <b>371,600</b> | <b>399,197</b> |
| <b>LIABILITIES</b>  |                |                |
| <b>Current Liabilities</b>  |                |                |
| Trade and other payables  | 57,584         | 60,406         |
| Interest-bearing loans and borrowings                                   | 627            | 408            |
| Current tax liabilities   | 3,077          | -              |
| Provisions  | 2,255          | 8,102          |
| Derivative financial instruments  | 1,687          | 3,020          |
|   | <b>65,230</b>  | <b>71,936</b>  |
| Liabilities directly associated with assets classified as held for sale | -              | 24,162         |
| <b>Total Current Liabilities</b>  | <b>65,230</b>  | <b>96,098</b>  |



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**Consolidated Balance Sheet (continued)**

|  | 2011           | 2010           |
|--|----------------|----------------|
|  | \$'000         | \$'000         |
| <b>Non-Current Liabilities</b>                               |                |                |
| Trade and other payables                                     | -              | 68             |
| Interest-bearing loans and borrowings                        | 152,823        | 165,201        |
| Provisions   | 434            | 520            |
| <b>Total Non-Current Liabilities</b>                         | <b>153,257</b> | <b>165,789</b> |
| <b>TOTAL LIABILITIES</b>                                     | <b>218,487</b> | <b>261,887</b> |
| <b>NET ASSETS</b>  | <b>153,113</b> | <b>137,310</b> |
| <b>EQUITY</b>  |                |                |
| Equity attributable to equity holders of the parent interest |                |                |
| Contributed equity   | 310,262        | 310,262        |
| Reserves   | (78)           | (1,537)        |
| Accumulated losses   | (157,071)      | (171,415)      |
| <b>Parent interests</b>                                      | <b>153,113</b> | <b>137,310</b> |
| <b>TOTAL EQUITY</b>  | <b>153,113</b> | <b>137,310</b> |





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**Consolidated Statement of Changes in Equity**

|   | 2011           | 2010     |
|---|----------------|----------|
|   | \$'000         | \$'000   |
| <b>Total equity at beginning of period</b>  | <b>137,310</b> | 197,338  |
| Profit/(Loss) for period  | 27,166         | (54,544) |
| Other comprehensive income  | 794            | 1,250    |
| <b>Total comprehensive income and expense for the period</b>                                      | <b>27,960</b>  | (53,294) |
| <b>Transactions with equity holders in their capacity as equity holders:</b>                      |                |          |
| Shares issued as consideration of equity settled transactions                                     | -              | 1,890    |
| Shares issued as consideration for acquisition of non-controlling interest in controlled entities | -              | 3,354    |
| Share based payments  | 665            | 16       |
| Transaction costs of acquiring non-controlling interest   | -              | (625)    |
| Non-controlling interest acquired in controlled entities  | -              | (3,354)  |
| Dividends on ordinary shares  | (12,822)       | (8,015)  |
| <b>Total Equity</b>   | <b>153,113</b> | 137,310  |



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**Consolidated Statement of Cash Flows**

|   | 2011            | 2010            |
|---|-----------------|-----------------|
|   | \$'000          | \$'000          |
| <b>Cash flows from operating activities</b>   |                 |                 |
| Receipts from customers (inclusive of GST)  | 290,607         | 301,726         |
| Payments to suppliers and employees (inclusive of GST)  | (239,315)       | (254,349)       |
| Interest received   | 504             | 355             |
| Borrowing costs paid  | (13,659)        | (12,842)        |
| Income tax refunds received   | 1,170           | 4,577           |
| Income tax paid   | (4,888)         | (6,301)         |
| <b>Net cash flows from operating activities</b>   | <b>34,419</b>   | <b>33,166</b>   |
| <b>Cash flows from investing activities</b>   |                 |                 |
| Proceeds from sale of property, plant and equipment   | 1,049           | 45              |
| Purchase of property, plant and equipment   | (9,727)         | (26,259)        |
| Proceeds from sale of available-for-sale financial assets                                     | 34              | 1,998           |
| Proceeds from sale of business operations   | 20,508          | -               |
| Payment of deferred consideration for acquisition of subsidiaries and related business assets | (1,250)         | (1,339)         |
| Loan Funds to other parties   | (154)           | -               |
| Loan Funds to related parties   | (300)           | (1,717)         |
| <b>Net cash flows from/(used in) investing activities</b>                                     | <b>10,160</b>   | <b>(27,272)</b> |
| <b>Cash flows from financing activities</b>   |                 |                 |
| Costs of issue of ordinary shares   | -               | (159)           |
| Proceeds from borrowings  | 76,000          | 92,000          |
| Finance lease liability payments  | (1,110)         | (1,998)         |
| Repayments of borrowings  | (92,933)        | (88,838)        |
| Dividends paid  | (12,822)        | (8,015)         |
| <b>Net cash flows used in financing activities</b>  | <b>(30,865)</b> | <b>(7,010)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                   | <b>13,714</b>   | <b>(1,116)</b>  |
| Cash and cash equivalents at beginning of period  | 5,664           | 6,669           |
| Net foreign exchange differences  | (4)             | 111             |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>   | <b>19,374</b>   | <b>5,664</b>    |

**Appendix 4E – Preliminary Final Report  
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## Notes to the preliminary final report

### 1. Basis of preparation of preliminary final report

This preliminary final report has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This preliminary final report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the last annual report and any public announcements to the market made by the Company during the reporting period in accordance with the continuous disclosure requirement of the Corporations Act 2001 and the listing rules of the Australia Securities Exchange.

The accounting policies adopted are consistent with those of the previous year.

#### *Historical cost convention*

This report has been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets and derivative financial instruments at fair value.

### 2. Profit after tax from continuing operations (excluding significant items)

|  | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
| <i>Reported profit/(loss) after tax from continuing operations (refer Statement of comprehensive income)</i>                     | <b>28,188</b>  | (2,336)        |
| – Fair value change in derivatives   | <b>(1,333)</b> | (1,518)        |
| – Fair value change in receivable – deferred contingent consideration  | <b>(1,181)</b> | -              |
| – Transfer of foreign currency translation reserve to profit and loss  | <b>995</b>     | -              |
| – Impairment of radio broadcasting licences  | -              | 12,529         |
| – Gain on sale of investments  | -              | (921)          |
| – Impairment of television program rights  | -              | 1,302          |
| – Staff redundancies   | <b>198</b>     | 718            |
| – CEO termination expenses   | -              | 1,871          |
| – destra administration costs  | -              | 226            |
| – Impairment on loan to associate  | -              | 4,384          |
| – Restructuring  | -              | 2,207          |
| – Once off increase to employee entitlements resulting from award change   | -              | 626            |
| – Income tax expense/(benefit) related to significant items  | <b>340</b>     | (1,353)        |
| <b>Profit after tax from continuing operations before significant items attributable to members of Prime Media Group Limited</b> | <b>27,207</b>  | 17,735         |

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## Notes to the preliminary final report

### 3. Income Tax

|  | 2011<br>\$'000 | 2010<br>\$'000  |
|--|----------------|-----------------|
| 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/(loss) before tax from continuing operations  | 39,255         | 7,882           |
| Profit/(loss) before tax from discontinuing operations   | (959)          | (57,958)        |
| <b>Total accounting profit/(loss) before income tax</b>  | <b>38,296</b>  | <b>(50,076)</b> |
| Prima facie tax expense/(benefit) on accounting profit at the Group's statutory rate of 30% (2010: 30%)  |                |                 |
|  | 11,489         | (15,023)        |
| Non temporary differences  |                |                 |
| – Expenses not deductible for tax  | 1,213          | 1,264           |
| – Impairment expense not deductible for tax  | -              | 15,550          |
| – DTA not recognised on current year tax losses  | -              | 410             |
| – Adjustments in respect of current income tax of previous years   | (719)          | 440             |
| – Income not assessable for tax  | (354)          | 53              |
| – DTA on timing differences not previously recognised now brought to account   | -              | (1,692)         |
| – De-recognition of DTA on capital losses  | 69             | 3,851           |
| – DTA on income tax losses not previously recognised   | (568)          | (383)           |
| – Foreign tax rate adjustment  | -              | (2)             |
| Aggregate income tax (benefit)/expense   | 11,130         | 4,468           |
| Income tax expense attributable to continuing operations   |                |                 |
|  | 11,067         | 10,218          |
| Income tax expense /(benefit) attributable to discontinuing operations   |                |                 |
|  | 63             | (5,750)         |
|  | 11,130         | 4,468           |



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4. Segment Note

| Year Ended 30 June 2011  | Continuing Operations             |                              |                  |                       | Discontinuing Operations   |                                  | Total Operations |
|--|-----------------------------------|------------------------------|------------------|-----------------------|----------------------------|----------------------------------|------------------|
|  | Television Broadcasting<br>\$'000 | Radio Broadcasting<br>\$'000 | Online<br>\$'000 | Unallocated<br>\$'000 | Total Continuing<br>\$'000 | Total Discontinuing(1)<br>\$'000 |                  |
| <b>Segment Revenues</b>  |                                   |                              |                  |                       |                            |                                  |                  |
| External sales and customers   | 231,374                           | 20,293                       | 1,661            | (144)                 | 253,184                    | 6,878                            | 260,062          |
| Other income (excluding interest income)   | 2,419                             | 848                          | 36               | 91                    | 3,394                      | 137                              | 3,531            |
| <b>Total segment revenue</b>   | <b>233,793</b>                    | <b>21,141</b>                | <b>1,697</b>     | <b>(53)</b>           | <b>256,578</b>             | <b>7,015</b>                     | <b>263,593</b>   |
| Finance income   | -                                 | 23                           | -                | 397                   | 420                        | 83                               | 503              |
| <b>Total revenue per the statement of comprehensive income</b>                   | <b>233,793</b>                    | <b>21,164</b>                | <b>1,697</b>     | <b>344</b>            | <b>256,998</b>             | <b>7,098</b>                     | <b>264,096</b>   |
| <b>Segment Results</b>   |                                   |                              |                  |                       |                            |                                  |                  |
| EBITDA   | 63,206                            | 4,803                        | (881)            | (7,892)               | 59,236                     | (408)                            | 58,828           |
| EBIT   | 54,591                            | 3,638                        | (1,074)          | (8,094)               | 49,061                     | (422)                            | 48,639           |
| Profit/(Loss) before significant items and income tax                            | 54,278                            | 3,645                        | (1,074)          | (18,915)              | 37,934                     | (376)                            | 37,558           |
| <i>Significant Items</i>   |                                   |                              |                  |                       |                            |                                  |                  |
| - Fair value change in derivatives   |                                   |                              |                  |                       | 1,333                      | -                                | 1,333            |
| - Fair value change in receivable – deferred contingent consideration            |                                   |                              |                  |                       | 1,181                      | -                                | 1,181            |
| - Transfer of foreign currency translation reserve to profit and loss            |                                   |                              |                  |                       | (995)                      | -                                | (995)            |
| - Redundancies   |                                   |                              |                  |                       | (198)                      | -                                | (198)            |
| - Loss on disposal of assets held for sale                                       |                                   |                              |                  |                       | -                          | (583)                            | (583)            |
| <b>Profit/(Loss) before income tax per the statement of comprehensive income</b> |                                   |                              |                  |                       | <b>39,255</b>              | <b>(959)</b>                     | <b>38,296</b>    |
| Income tax (expense)   |                                   |                              |                  |                       | (11,067)                   | (63)                             | (11,130)         |
| <b>Profit/(Loss) after tax</b>   |                                   |                              |                  |                       | <b>28,188</b>              | <b>(1,022)</b>                   | <b>27,166</b>    |
| Non-controlling interests  |                                   |                              |                  |                       |                            |                                  | -                |
| <b>Profit after tax attributable to members of Prime Media Group Limited</b>     |                                   |                              |                  |                       |                            |                                  | <b>27,166</b>    |

(1) Discontinuing operations includes Broadcast Production Services, On Site Broadcasting, Moonlight Cinema, Prime Media Singapore and Prime Digital Media.

# PRIME

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Full Year Report – 30 June 2011

## Notes to the preliminary final report

### 5. Segment Note

| Year Ended 30 June 2010  | Continuing Operations                |                                 |                       | Discontinuing Operations   |                                  |                            |
|--|--------------------------------------|---------------------------------|-----------------------|----------------------------|----------------------------------|----------------------------|
|  | Television<br>Broadcasting<br>\$'000 | Radio<br>Broadcasting<br>\$'000 | Unallocated<br>\$'000 | Total Continuing<br>\$'000 | Total Discontinuing(1)<br>\$'000 | Total Operations<br>\$'000 |
| <b>Segment Revenues</b>  |                                      |                                 |                       |                            |                                  |                            |
| External sales and customers   | 212,181                              | 19,184                          | -                     | 231,365                    | 38,187                           | 269,552                    |
| Other income (excluding interest income)   | 3,768                                | 1,347                           | (296)                 | 4,819                      | 850                              | 5,669                      |
| <b>Total segment revenue</b>   | <b>215,949</b>                       | <b>20,531</b>                   | <b>(296)</b>          | <b>236,184</b>             | <b>39,037</b>                    | <b>275,221</b>             |
| Finance income   | -                                    | 11                              | 319                   | 330                        | 25                               | 355                        |
| <b>Total revenue per the statement of comprehensive income</b>   | <b>215,949</b>                       | <b>20,542</b>                   | <b>23</b>             | <b>236,514</b>             | <b>39,062</b>                    | <b>275,576</b>             |
| <b>Segment Result</b>  |                                      |                                 |                       |                            |                                  |                            |
| EBITDA   | 55,449                               | 3,294                           | (8,301)               | 50,442                     | 5,408                            | 55,850                     |
| EBIT   | 47,283                               | 2,073                           | (9,138)               | 40,218                     | (2,699)                          | 37,519                     |
| Profit before significant items and income tax   | 46,977                               | 2,073                           | (19,744)              | 29,306                     | (5,139)                          | 24,167                     |
| - Fair value change in derivatives   |                                      |                                 |                       | 1,518                      | -                                | 1,518                      |
| - Gain on disposal of investment in available-for-sale financial assets  |                                      |                                 |                       | 921                        | -                                | 921                        |
| - Impairment expense – intangible assets, radio broadcast licences   |                                      |                                 |                       | (12,529)                   | -                                | (12,529)                   |
| - Impairment expense – goodwill  |                                      |                                 |                       | -                          | (39,932)                         | (39,932)                   |
| - Impairment expense – loan to associate   |                                      |                                 |                       | (4,384)                    | -                                | (4,384)                    |
| - Impairment expense – television program rights   |                                      |                                 |                       | (1,302)                    | -                                | (1,302)                    |
| - Impairment expense – television production rights  |                                      |                                 |                       | -                          | (440)                            | (440)                      |
| - Impairment expense – property, plant and equipment   |                                      |                                 |                       | -                          | (7,863)                          | (7,863)                    |
| - Restructuring  |                                      |                                 |                       | (2,207)                    | (2,074)                          | (4,281)                    |
| - CEO termination costs  |                                      |                                 |                       | (1,871)                    | -                                | (1,871)                    |
| - Once off increase to employee entitlements resulting from award change   |                                      |                                 |                       | (626)                      | -                                | (626)                      |
| - Make Good provision  |                                      |                                 |                       | -                          | (150)                            | (150)                      |
| - destra administration costs  |                                      |                                 |                       | (226)                      | -                                | (226)                      |
| - Transfer of foreign currency translation reserve relating to assets held for resale to statement of comprehensive income |                                      |                                 |                       | -                          | (1,032)                          | (1,032)                    |
| - Redundancies   |                                      |                                 |                       | (718)                      | (1,328)                          | (2,046)                    |
| <b>Profit / (Loss) before income tax per the statement of comprehensive income</b>   |                                      |                                 |                       | <b>7,882</b>               | <b>(57,958)</b>                  | <b>(50,076)</b>            |
| Income tax (expense)/benefit   |                                      |                                 |                       | (10,218)                   | 5,750                            | (4,468)                    |
| <b>(Loss) after tax</b>  |                                      |                                 |                       | <b>(2,336)</b>             | <b>(52,208)</b>                  | <b>(54,544)</b>            |
| Non-controlling interests  |                                      |                                 |                       |                            |                                  | 85                         |
| <b>(Loss) after tax attributable to members of Prime Media Group Limited</b>   |                                      |                                 |                       |                            |                                  | <b>(54,459)</b>            |

(1) Discontinuing operations includes Broadcast Production Services, On Site Broadcasting, Moonlight Cinema, Prime Media Singapore and Prime Digital Media.

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## Notes to the preliminary final report

### 5. Reconciliation of Profit/(Loss) after Tax to Net Cash flow from Operating Activities

|  | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
| Net profit/(loss) after income tax                             | 27,166         | (54,544)       |
| <b>Non-Cash Items</b>  |                |                |
| Depreciation and amortisation                                  | 10,190         | 18,330         |
| Amortisation of program rights                                 | 832            | 3,442          |
| Effective interest rate adjustments                            | -              | 84             |
| Provision for doubtful debts                                   | 314            | 542            |
| Net (profit)/loss on disposal of property, plant and equipment | 656            | 225            |
| (Gain)/Loss on sale of financial asset                         | (34)           | (922)          |
| Unrealised gain/(losses) on foreign currency translation       | 995            | 1,032          |
| Net (gain)/loss MTM derivatives                                | (1,333)        | (1,517)        |
| Impairment of intangibles and goodwill                         | -              | 52,461         |
| Impairment of property, plant & equipment                      | -              | 7,863          |
| Impairment of investments in associates                        | -              | 4,384          |
| Share of losses of associates                                  | 586            | 1,601          |
| Share based payments expense                                   | 665            | 16             |
| <b>Changes in assets and liabilities</b>                       |                |                |
| (Increase)/decrease in trade and other receivables             | (2,034)        | (174)          |
| (Increase)/decrease in deferred tax assets                     | 3,849          | (2,425)        |
| (Increase)/decrease in prepayments                             | (310)          | (1,465)        |
| (Decrease)/increase in trade and other payables                | (2,259)        | (1,563)        |
| (Decrease)/increase in tax provision                           | 3,564          | 5,332          |
| (Decrease)/increase in deferred tax liability                  | -              | (163)          |
| (Decrease)/increase in interest bearing liabilities            | (2,070)        | -              |
| (Decrease)/increase in provisions                              | (6,358)        | 627            |
| <b>Net cash flow from operating activities</b>                 | <b>34,419</b>  | <b>33,166</b>  |
| <b>Cash balance comprises:</b>                                 |                |                |
| Cash at bank and on hand                                       | 19,374         | 5,664          |
| <b>Closing cash balance</b>                                    | <b>19,374</b>  | <b>5,664</b>   |



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## Notes to the preliminary final report

### 6. Contributed Equity

| <i>Ordinary</i>   | 2011             |         | 2010             |         |
|---|------------------|---------|------------------|---------|
|   | Number of shares | \$'000  | Number of shares | \$'000  |
| Beginning of the financial year                                 | 366,330,303      | 310,262 | 358,422,021      | 305,643 |
| Issued during the year  |                  |         |                  |         |
| - shares issued as consideration for equity settled transaction | -                | -       | 7,908,282        | 4,619   |
| End of the financial year                                       | 366,330,303      | 310,262 | 366,330,303      | 310,262 |

### 7. Retained Earnings

|   | 2011<br>\$'000 | 2010<br>\$'000 |
|---|----------------|----------------|
| Balance at the beginning of year                                | (171,415)      | (108,941)      |
| Net profit attributable to members of Prime Media Group Limited | 27,166         | (54,459)       |
| Total available for appropriation                               | (144,249)      | (163,400)      |
| Dividends provided for or paid                                  | (12,822)       | (8,015)        |
| Balance at end of year  | (157,071)      | (171,415)      |



## Appendix 4E – Preliminary Final Report Full Year Report – 30 June 2011

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### Notes to the preliminary final report

#### 8. Discontinuing Operations

##### (a) Details of operations disposed and held for Sale

###### *Moonlight Cinema*

On 1 October 2010, the Group completed the sale of Moonlight Cinema, its Australian outdoor cinema operation, to Amalgamated Holdings Limited for a disposal sale consideration of \$1,627,877, net of selling costs.

###### *On Site Broadcasting*

- (1) 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 | <u>565,000</u>      |
| Total consideration                              | <u>\$11,130,375</u> |

As at 30 June 2011 the Company revised the fair value of the deferred contingent consideration up by \$1,181,000, on completion of a detailed review of the forecast profits expected from the contracts transferred as part of the sale.

- (2) On 28 October 2010, the Group completed the sale of its On Site Broadcasting business in Australia to Gearhouse Broadcast Pty Ltd for a total consideration of \$10,314,993, net of selling costs.

The consideration comprised of the following:

|   |                     |
|---|---------------------|
| Cash consideration  | 8,314,993           |
| Shares issued in Gearhouse Broadcast Pty Limited (unlisted) at fair value | 2,000,000           |
| Deferred Contingent Consideration, at fair value                          | <u>-</u>            |
| Total consideration   | <u>\$10,314,993</u> |

A component of the sale consideration is a \$3,000,000 subordinated loan advanced by the Company to the purchaser and repayable between 31 December 2012 and 31 December 2014. The loan repayment amount is contingent upon the financial performance of the business from the date of the sale to 31 December 2014. As at 30 June 2011 the loan repayment amount had been formally reduced to \$1,187,005. The company is carrying this deferred contingent consideration receivable at a fair value of nil.

###### *Television Production*

On 20 November 2009, the Board of Directors entered an agreement to transfer the existing production rights for current developments to Beyond International. The television production operations were wound up following the transfer to Beyond International, which was completed on 18 January 2010.



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## Notes to the preliminary final report

### 9. Discontinuing Operations (continued)

(b) Financial performance of operations disposed, closed down or held for sale

|  | 2011<br>\$'000 | 2010<br>\$'000  |
|--|----------------|-----------------|
| Revenue  | 7,098          | 39,062          |
| Expenses   | (8,057)        | (97,020)        |
| <b>Loss attributable to discontinuing operations before tax</b>                    | <b>(959)</b>   | <b>(57,958)</b> |
| Income tax (expense)/benefit   | (63)           | 5,750           |
| <b>Loss attributable to discontinuing operations after tax</b>                     | <b>(1,022)</b> | <b>(52,208)</b> |
| Minority interest in discontinued operations                                       | -              | 85              |
| <b>Loss from discontinuing operations attributable to members of parent entity</b> | <b>(1,022)</b> | <b>(52,123)</b> |
| <b>Loss per share (cents per share)</b>  |                |                 |
| - Basic from discontinued operations   | (0.3)          | (14.3)          |
| - Diluted from discontinued operations   | (0.3)          | (14.3)          |

Discontinuing operations includes Broadcast Production Services, On Site Broadcasting, Moonlight Cinema, Prime Media Singapore and Prime Digital Media.



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## Notes to the preliminary final report

### 10. Business Combinations

No business combinations occurred during the current year.

#### *Acquisition of Prime Digitalworks Pty Limited*

On 30 June 2010, Prime New Media Investments Pty Limited, a controlled entity of Prime Media Group Limited, acquired 67% of the shares in Prime Digitalworks Pty Limited. This acquisition took the groups' shareholding to 100%.

The final fair value and book value of the identifiable assets purchased are:

|                                    | Carrying Amount<br>\$'000 | Recognised fair value on<br>acquisition<br>\$'000 |
|------------------------------------|---------------------------|---|
| Cash                               | 3                         | 3   |
| Prepayments                        | 79                        | 79  |
| Property, plant & equipment        | 148                       | 148   |
| Trade payables                     | (1,576)                   | (1,576)   |
| Provision for employee benefits    | (55)                      | (55)  |
| <b>Net Assets</b>                  | <b>(1,401)</b>            | <b>(1,401)</b>                                    |
| <br>                               |                           |   |
| Total purchase consideration       |                           | -   |
| <b>Total Goodwill recognised</b>   |                           | <b>1,401</b>                                      |
| <br>                               |                           |   |
| <b>Goodwill impairment expense</b> |                           | <b>(1,401)</b>                                    |
| <b>Total Goodwill recognised</b>   |                           | <b>-</b>  |

## Notes to the preliminary final report

### 11. Investment in Associates and Jointly Controlled Entities

The Consolidated Entity has a material interest in the following entities:

|   | Ownership interest |           | Contribution to net profit before tax |                |
|---|--------------------|-----------|---------------------------------------|----------------|
|   | 2011<br>%          | 2010<br>% | 2011<br>\$'000                        | 2010<br>\$'000 |
| <i>Unlisted</i>                               |                    |           |                                       |                |
| Mildura Digital Television Pty Limited        | 50%                | 50%       | (586)                                 | (425)          |
| Prime Digitalworks Pty Limited <sup>(2)</sup> | 100%               | 100%      | -                                     | (1,176)        |
| destra Corporation Limited <sup>(1)</sup>     | 44%                | 44%       | -                                     | -              |
| West Digital Television Pty Limited           | 50%                | 50%       | -                                     | -              |
| 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%                | -         | -                                     | -              |
|   |                    |           | <b>(586)</b>                          | <b>(1,601)</b> |

- (1) The group's investment in destra Corporation was impaired to Nil during 2009. As such no further share of losses were taken up in the Group accounts.
- (2) On 30 June 2010 Prime Digitalworks became a 100% owned subsidiary. Prior to this date the Group's shareholding was 33%.

# PRIME

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### Other information relating to the financial statements

#### 12. Dividends

|   |                    |
|---|--------------------|
| Date the dividend is payable                          | 30 September, 2011 |
| Record date to determine entitlements to the dividend | 9 September, 2011  |
| If it is a final dividend, has it been declared?      | Yes                |

#### Amount per security

|                   |      | Amount per security | Franked amount per security at 30% tax | Amount per security of foreign source dividend |
|-------------------|------|---------------------|--|--|
| Final dividend:   | 2011 | 2.4¢                | 2.4¢                                   | -¢   |
|                   | 2010 | 1.4¢                | 1.4¢                                   | -¢   |
| Interim dividend: | 2011 | 2.1¢                | 2.1¢                                   | -¢   |
|                   | 2010 | 1.2¢                | 1.2¢                                   | -¢   |

#### Total dividend (distribution) per security (interim plus final)

|                     |      |      |
|---------------------|------|------|
|                     | 2011 | 2010 |
| Ordinary securities | 4.5¢ | 2.6¢ |

#### Total Dividends paid on all securities

|                     |                |                |
|---------------------|----------------|----------------|
|                     | 2011<br>\$'000 | 2010<br>\$'000 |
| Ordinary securities | 12,822         | 8,015          |
| <b>Total</b>        | <b>12,822</b>  | <b>8,015</b>   |

There are no reinvestment plans operational in relation to the final dividend payable on 30 September 2011.

#### Any other disclosures in relation to dividends

Final dividend for the current period \$8,792,000 (2.4 cents per share) as stated above has not been provided for in the Balance Sheet in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets.

The amount of available franking credits for the next year is \$26.7 million.



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**13. Earnings per share**

|  | 2011        | 2010        |
|--|-------------|-------------|
| Basic Earnings per share   | 7.4         | (15.0)      |
| Basic Earnings per share from continuing operations                          | 7.7         | (0.6)       |
| Basic Earnings per share from continuing operations before significant items | 7.4         | 4.9         |
| Diluted Earnings per share   | 7.4         | (15.0)      |
| Weighted average number of ordinary shares outstanding during the period     | 366,330,303 | 363,522,662 |

**14. Net Tangible Asset Backing**

|  | 2011   | 2010   |
|--|--------|--------|
| Net tangible asset backing per ordinary security | (0.20) | (0.24) |

**15. Significant Events after Balance Date**

There have been no significant events subsequent to balance date.

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## Annual general meeting

The annual general meeting will be held as follows:

Place

|  |
|--|
| Hilton Hotel,<br>488 George Street, Sydney NSW |
|--|

Date

|                  |
|------------------|
| 17 November 2011 |
|------------------|

Time

|          |
|----------|
| 11:30 AM |
|----------|

Approximate date the annual report will be available

|                   |
|-------------------|
| 15 October, 2011. |
|-------------------|

## Compliance statement

- 1 This report is based on accounts which are in the process of being audited.
- 2 The entity has a formally constituted audit committee.



Sign here: .....  
(Director)

Date: 25 August 2011

Print name: Peter Evans



# **Financial Results**

## **FYE 30 June 2011**



# Agenda

- Group highlights
- Overview of Year
- Financial Results
  - Continuing divisional results
  - Discontinuing results
  - Significant Items
- Debt and gearing levels
- Outlook
- Questions

# Group Highlights

- Net Profit After Tax of \$27.2M – up 53%\*
- Revenue of \$257M – up 9%\*
- EBITDA of \$59.2M – up 17%\*
- EPS of 7.4 cents – up 51%\*
- Final dividend per share of 2.4 cents – up 71%
- Gearing ratio 2.29 (3.23 pcp)

\*Continuing operations (before Significant Items)

# Overview FY11

## ➤ **Group Rationalisation and Restructure:**

- Completed sale of OSB Australia, OSB NZ & Moonlight Cinema
- Exited digital media business (PDM) effective 30 June 2011

## ➤ **Fresh Corporate Executive Team:**

- New CEO, CFO, National Sales Director and Director Content & Integration

## ➤ **TV Delivers Strong Audience, Revenue and EBITDA Growth:**

- Audience share strong.
- Revenue growth exceeds audience growth (improved power ratio).
- Aligned TV brand to Seven Network – reduce costs.
- Adopted Seven Network on air promos – improved efficiency and costs.
- Centralisation and refresh of local news production – reduce costs.

# Overview FY11 (cont'd)

- **QLD Radio Delivers Strong EBITDA Growth Despite Natural Disasters:**
  - New senior management team;
  - Improved systems and accountabilities;
  - Strong growth in earnings achieved despite modest revenue growth
  
- **Established Framework for Online Success in FY12**
  - Executed agreement with Yahoo!7 - white label arrangement;
  - Transitioned to a lower risk variable cost model;
  - New site launched July 2011.

# Group Results

# Group Results

|   | FY 11<br>'000s | FY 10<br>'000s  | Var<br>'000s  | Var<br>(%) |
|---|----------------|-----------------|---------------|------------|
| Revenue   | 256,998        | 236,514         | 20,484        | 9%         |
| EBITDA  | 59,237         | 50,446          | 8,791         | 17%        |
| EBITDA %  | 23%            | 21%             |               |            |
| <b>Net Profit After Tax - continuing operations</b> | <b>27,207</b>  | <b>17,735</b>   | <b>9,472</b>  | <b>53%</b> |
| Significant Income/(Expense) Items (net of Tax)     | 981            | (20,071)        | 21,052        |            |
| Discontinuing operations (net of Tax)               | (1,022)        | (52,208)        | 51,186        |            |
| <b>Net Profit After Tax attributable to members</b> | <b>27,166</b>  | <b>(54,459)</b> | <b>81,625</b> |            |
| EPS (continuing ops before sig items)               | 7.4            | 4.9             | 2.5           | 51%        |
| Final Dividend per share (cents)                    | 2.4            | 1.4             | 1             | 71%        |

# TV Results

# TV Results

|                      | FY 11<br>'000s | FY 10<br>'000s | Var<br>'000s  | Var<br>(%) |
|----------------------|----------------|----------------|---------------|------------|
| Advertising Revenue  | 227,566        | 210,815        | 16,751        | 8%         |
| Other Revenue        | 6,227          | 5,134          | 1,093         | 21%        |
| <b>TOTAL REVENUE</b> | <b>233,793</b> | <b>215,949</b> | <b>17,844</b> | <b>8%</b>  |
| <b>EBITDA</b>        | <b>63,207</b>  | <b>55,449</b>  | <b>7,758</b>  | <b>14%</b> |
| EBITDA %             | 27%            | 26%            |               |            |
| Depreciation         | (8,616)        | (8,166)        | (450)         | (6%)       |
| EBIT                 | 54,591         | 47,283         | 7,308         | 15%        |
| EBIT %               | 23%            | 22%            |               |            |



# TV Revenue Growth (FY11 vs FY10)

| Revenue Growth (YOY) | Prime | Market | Var<br>PP |
|----------------------|-------|--------|-----------|
| National             | 12.9% | 8.7%   | 4.2       |
| Total                | 8.8%  | 7.1%   | 1.7       |

Source: KPMG data 3 AGG market



# TV Audience Share

| <b>Network Audience Share</b> | <b>FY 11</b> | <b>FY 10</b> | <b>Var<br/>(PP)</b> |
|-------------------------------|--------------|--------------|---------------------|
| <b>Prime</b>                  | <b>36.6%</b> | <b>35.1%</b> | <b>1.5</b>          |
| WIN/NBN                       | 39.4%        | 39.3%        | 0.1                 |
| SCM                           | 24.0%        | 25.6%        | -1.6                |

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**Footnote**

- Audience Share sourced from Regional TAM (rating All people, 06:00-23:59)

# TV Power Ratio – National Agency

|                     |        | FY 11 | FY 10 | Var<br>PP |
|---------------------|--------|-------|-------|-----------|
| Total Revenue Share | Note 1 | 39.6% | 38.1% | 1.5       |
| Audience Share      | Note 2 | 36.6% | 35.1% | 1.5       |
| Power Ratio         |        | 1.08  | 1.08  |           |

Footnote

Note 1: Total Agency advertising 3AGG market -KPMG

Note 2: Audience Share sourced from Regional TAM (All people, 06:00-23:59)

# TV Operating Costs

|                                  | FY 11<br>'000s   | FY 10<br>'000s   | Var<br>'000s    | Var<br>(%)  |
|----------------------------------|------------------|------------------|-----------------|-------------|
| Broadcast and Transmission costs | (123,194)        | (114,673)        | (8,521)         | (7%)        |
| Sales, marketing and admin costs | (47,392)         | (45,827)         | (1,565)         | (3%)        |
| <b>TOTAL EXPENSES</b>            | <b>(170,586)</b> | <b>(160,500)</b> | <b>(10,086)</b> | <b>(6%)</b> |

# Radio

# Radio Results

|                      | FY 11<br>'000s | FY 10<br>'000s | Var<br>'000s | Var<br>(%) |
|----------------------|----------------|----------------|--------------|------------|
| Advertising Revenue  | 19,766         | 19,184         | 582          | 3%         |
| Other Revenue        | 1,398          | 1,358          | 40           | 3%         |
| <b>TOTAL REVENUE</b> | <b>21,164</b>  | <b>20,542</b>  | <b>622</b>   | <b>3%</b>  |
| <b>EBITDA</b>        | <b>4,803</b>   | <b>3,294</b>   | <b>1,509</b> | <b>46%</b> |
| EBITDA %             | 23%            | 16%            |              |            |
| Depreciation         | (1,165)        | (1,221)        | 56           | 5%         |
| EBIT                 | 3,638          | 2,073          | 1,565        | 75%        |
| EBIT %               | 17%            | 10%            |              |            |

# Radio Operating Costs

|                                  | FY 11<br>'000s  | FY 10<br>'000s  | Var<br>'000s | Var<br>(%) |
|----------------------------------|-----------------|-----------------|--------------|------------|
| Broadcast and Transmission costs | (5,342)         | (5,777)         | 435          | 8%         |
| Sales, marketing and admin costs | (10,996)        | (11,460)        | 464          | 4%         |
| <b>TOTAL EXPENSES</b>            | <b>(16,338)</b> | <b>(17,237)</b> | <b>899</b>   | <b>5%</b>  |

# Online



# Online Results

|                      | FY 11<br>'000s | FY 10<br>'000s | Var<br>'000s | Var<br>(%) |
|----------------------|----------------|----------------|--------------|------------|
| Advertising Revenue  | 1,447          | 0              | 1,447        |            |
| Other Revenue        | 250            | 0              | 250          |            |
| <b>TOTAL REVENUE</b> | <b>1,697</b>   | <b>0</b>       | <b>1,697</b> |            |
| <b>EBITDA</b>        | <b>(881)</b>   | <b>(1,176)</b> | <b>295</b>   |            |
| EBITDA %             | (52%)          |                |              |            |
| Depreciation         | (193)          | 0              | (193)        |            |
| <b>EBIT</b>          | <b>(1,074)</b> | <b>(1,176)</b> | <b>102</b>   |            |
| EBIT %               | (63%)          |                |              |            |

Footnote: The Company acquired a controlling share (100%) in the online business on 30 June 2010.

The results of the online business were consolidated into the Group WEF 1 July 2010.

# Corporate

# Corporate Results

|                                  | FY 11          | FY 10          | Var          | Var          |
|----------------------------------|----------------|----------------|--------------|--------------|
|                                  | '000s          | '000s          | '000s        | (%)          |
| Advertising Revenue              | 0              | 0              | 0            | 0%           |
| Other Revenue                    | 344            | 23             | 321          | 1396%        |
| <b>TOTAL REVENUE</b>             | <b>344</b>     | <b>23</b>      | <b>321</b>   | <b>1396%</b> |
| <b>EBITDA (before Sig items)</b> | <b>(7,892)</b> | <b>(7,121)</b> | <b>(771)</b> | <b>(11%)</b> |
| Depreciation                     | (202)          | (837)          | 635          | 76%          |
| EBIT                             | (8,094)        | (7,958)        | (136)        | (2%)         |

# Discontinued Operations

# Discontinued Operations

|                                    | FY 11<br>'000s | FY 10<br>'000s  | Var<br>'000s   | Var<br>(%)    |
|------------------------------------|----------------|-----------------|----------------|---------------|
| TOTAL REVENUE                      | 7,098          | 39,062          | (31,964)       | (82%)         |
| <b>EBITDA (before Sig. Items)</b>  | <b>(409)</b>   | <b>5,408</b>    | <b>(5,817)</b> | <b>(108%)</b> |
| EBITDA %                           | (6%)           | 13.84%          |                |               |
| <b>NPAT pre-significant items</b>  | <b>(439)</b>   | <b>611</b>      | <b>(1,050)</b> | <b>(172%)</b> |
| Significant Items (net of tax)     | (583)          | (52,819)        |                |               |
| <b>NPAT post significant items</b> | <b>(1,022)</b> | <b>(52,208)</b> |                |               |

# Significant Items

# Significant Items

|   | FY 11<br>'000s | FY 10<br>'000s  |
|---|----------------|-----------------|
| Fair value change in derivatives                                      | 1,333          | 1,518           |
| Fair value change in receivable - deferred contingent consideration   | 1,181          |                 |
| Transfer of foreign currency translation reserve to profit and loss   | (995)          |                 |
| Redundancy provision  | (198)          | (718)           |
| Gain on disposal of investment in available for sale financial assets |                | 921             |
| Impairment expense - intangible assets, radio broadcast licences      |                | (12,529)        |
| Impairment expense - loan to associate                                |                | (4,384)         |
| Impairment expense - television program rights                        |                | (1,302)         |
| Restructuring   |                | (2,207)         |
| CEO termination costs   |                | (1,871)         |
| other   |                | (852)           |
| Income tax expense  | (340)          | 1,353           |
| <b>Total Significant Items</b>  | <b>981</b>     | <b>(20,071)</b> |

# Debt and Gearing Levels



# Debt and Gearing Level

|                             | 30-Jun-11  | 30-Jun-10  | Var        | % Var      |
|-----------------------------|------------|------------|------------|------------|
| Net Debt *                  | 135,764    | 162,966    | 27,202     | 17%        |
| EBITDA                      | 59,237     | 50,446     |            |            |
| Net Interest expense        | 11,127     | 10,916     |            |            |
| <b>Gearing Ratio</b>        | <b>2.3</b> | <b>3.2</b> | <b>0.9</b> | <b>29%</b> |
| <b>Interest Cover Ratio</b> | <b>5.3</b> | <b>4.6</b> | <b>0.7</b> | <b>15%</b> |

\* 2010 debt excludes \$24M of debt retired with the sale of the BPS business

# Debt and Gearing Level (cont'd)

- Current bank loan facility expires July 2012.
- The Company has secured commitments of \$200M from existing bankers
- Key Terms:
  - Facility Amount = \$200M;
  - Term = 4 Years;
  - Margin = 1.90% (based on current gearing levels)
- Execution of new facility expected by 30 September 2011.

# Outlook

# Outlook

- National Ad market:
  - 1H FY 12 – flat. No visibility into 2H FY 12.
- Costs
  - Program fees:- no scheduled increase in FY 12 under 7 Network program supply;
  - ACMA Licence fee rebate increases to 50% (FY 10 - 42.5%);
  - Analogue switch off - \$0.5M
  - Other costs – increase in line with CPI