

PRIME MEDIA GROUP

APPENDIX 4D

Financial report for the half-year ended 31 December 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

All comparisons to the half-year ended 31 December 2015	31 Dec 2016 \$'000	Up/(Down)	Movement %
Total revenue	130,681	6,138	4.9%
Share of associate losses	(63)	485	88.5%
Earnings before finance costs, income tax, depreciation and amortisation (EBITDA)	31,241	2,070	7.1%
Net profit after income tax attributable to members	17,402	1,164	7.2%

DIVIDEND INFORMATION

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
Final dividend 2016 (paid during current reporting period)	1.7	1.7	30%
Interim dividend 2017 (not yet paid)	1.7	1.7	30%

Interim Dividend Dates

Ex-dividend date	2 March 2017
Record date	3 March 2017
Payment date	29 March 2017

There are no dividend or distribution reinvestment plans in operation.

EARNINGS PER SECURITY (CENTS PER SHARE)

	Current period	Previous Corresponding period
Basic EPS	4.8	4.4
Basic EPS excluding specific items	4.8	3.9
Net tangible assets per security (cents)	(0.4)	(5.8)

This information should be read in conjunction with the 2016 Annual Report for Prime Media Group Limited and its controlled entities and any public announcements made in the period by Prime Media Group Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2016.

This report is based on the consolidated financial statements for the half-year ended 31 December 2016 of Prime Media Group Limited and its controlled entities, which have been reviewed by Ernst & Young.

Directors' Report

Your directors submit their report for the half-year ended 31 December 2016.

This half-year 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 (\$).

The directors in office during the half-year and until the date of this report (unless otherwise stated) were as follows:

John K Hartigan (Chair)

Ian R Neal

Peter J Macourt

Cass O'Connor

Ian C Audsley (Chief Executive Officer)

Alex A Hamill (retired 30 September 2016)

Michael H Hill (retired 30 September 2016)

RESULTS FROM OPERATIONS

STATUTORY RESULT

The Company's statutory consolidated net profit after tax attributable to the members of Prime Media Group Limited was \$17,402,000, which represents an increase of \$1,164,000 or 7.2% on the previous corresponding period. The current year result included advertising revenue derived from broadcasting the Olympic Games in August 2016. The prior year result included one-off gains totalling \$2,005,000 from the sale of surplus property and shares in Gearhouse Broadcast Pty Limited.

Revenue of \$130,681,000 increased \$6,138,000 or 4.9% on the previous corresponding period. The Company increased its lead revenue share by 3.3 share points to 44.8% in the aggregated regional market of New South Wales and Victoria as a result of the Olympic broadcast during the reporting period. The Company's television advertising revenue in the aggregated regional market increased by \$7,639,000 or 7.6% on the previous corresponding period, compared to the market, which declined 0.3% in the same period.

The Company's gross profit margin declined from 44.3% to 43.3% due to an increase in affiliate fees and sales employee costs. Total operating expenses of \$25,182,000 were \$185,000 or 0.7% favourable to the previous corresponding period.

The Company's share of losses from joint ventures was \$63,000 for the reporting period, compared to a combined loss of \$548,000 in the previous corresponding period. In July 2016, the ventures commenced broadcasting Nine Entertainment programming in regional Western Australia and Mildura, having broadcast TEN programming in these regions in the prior corresponding period.

During the reporting period the Company successfully outsourced the playout of 60 discrete market channels to MediaHub Australia. Redundancy costs of \$502,000 were incurred as a result of the outsourcing.

Net cash flow from operating activities of \$19,463,000 improved \$6,543,000 or 50.6% compared to the prior corresponding period.

Net interest bearing debt reduced by \$10,218,000 during the period to \$55,351,000 at 31 December 2016. The Company continues to operate comfortably within bank covenants. Finance costs were \$518,000 or 27.0% favourable to the previous corresponding period due to the lower average interest bearing debt levels.

CORE NET PROFIT AFTER TAX AND INTERIM DIVIDEND

Core net profit after tax and before specific items of \$17,753,000 (31 Dec 2015: \$14,316,000) increased \$3,437,000 or 24.0% on the previous corresponding reporting period. The Group's interim dividend of 1.7 cents per share fully franked has been declared based on the core net profit after tax, which is summarised at Note 5.

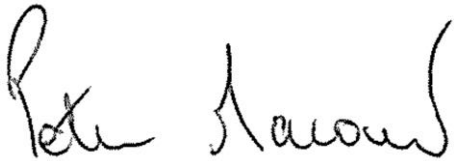
Directors' Report

ROUNDING OF AMOUNTS

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Class Order applies.

AUDITORS INDEPENDENCE DECLARATION

The Directors have received and are satisfied with the 'Audit Independence Declaration' provided by the Company's external auditors, Ernst & Young, which is included on page 3.

A handwritten signature in black ink, appearing to read "P. J. Macourt". The signature is written in a cursive style with a large initial "P" and "M".

P. J. Macourt
Director

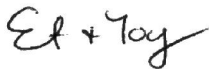
Sydney, 23 February 2017

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

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

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

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



Ernst & Young



Christopher George
Partner
23 February 2017

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2016

	NOTES	CONSOLIDATED	
		31 DEC 2016 \$'000	31 DEC 2015 \$'000
Revenue and other income			
Revenue from services	3(A)	129,790	121,603
Interest income	3(A)	79	90
Other income	3(A)	812	2,850
Total revenue and other income		130,681	124,543
Cost of sales		(74,117)	(69,367)
Gross profit		56,564	55,176
Broadcasting and transmission expenses		(18,398)	(18,289)
Administration and marketing expenses		(6,784)	(7,079)
Depreciation and amortisation expenses		(4,900)	(5,104)
Operating profit		26,482	24,704
Finance costs	3(B)	(1,399)	(1,917)
Share of associate losses		(63)	(548)
Profit before income tax		25,020	22,239
Income tax expense		(7,618)	(6,001)
Profit for the half-year		17,402	16,238
Total comprehensive income for the half-year, net of tax		17,402	16,238
Profit attributable to the owners of the parent		17,402	16,238
Basic Earnings per share (cents per share)		4.8	4.4
Diluted Earnings per share (cents per share)		4.8	4.4

Interim Consolidated Statement of Financial Position

As at 31 December 2016

	NOTES	CONSOLIDATED	
		31 DEC 2016 \$'000	30 JUN 2016 \$'000
ASSETS			
Current Assets			
Cash and short term deposits		6,485	8,235
Trade and other receivables		44,002	47,769
Intangible assets	7	1,667	1,667
Other assets		3,339	3,923
		55,493	61,594
Assets classified as held for sale		584	584
Total Current Assets		56,077	62,178
Non-Current Assets			
Investment in associates		907	927
Financial assets		9	9
Property, plant and equipment	8	31,158	31,866
Deferred tax assets		815	1,062
Intangible assets and goodwill	7	73,291	75,034
Other assets		879	956
Total Non-Current Assets		107,059	109,854
Total Assets		163,136	172,032
LIABILITIES			
Current Liabilities			
Trade and other payables		26,707	32,738
Interest-bearing loans and borrowings	9	264	402
Current tax liabilities		764	2,485
Provisions		-	267
Total Current Liabilities		27,735	35,892
Non-Current Liabilities			
Interest-bearing loans and borrowings	9	61,572	73,402
Provisions		509	507
Total Non-Current Liabilities		62,081	73,909
Total Liabilities		89,816	109,801
Net Assets		73,320	62,231
EQUITY			
Equity attributable to equity holders of the parent interest			
Contributed equity		310,262	310,262
Reserves		4,315	4,400
Accumulated losses		(241,257)	(252,431)
Parent Interests		73,320	62,231
Total Equity		73,320	62,231

Interim Consolidated Statement of Changes in Equity

As at 31 December 2016

	Issued Capital \$'000	Accumulated Losses \$'000	Employee Benefits Reserve \$'000	Total Parent Entity Interest \$'000
At 1 July 2016	310,262	(252,431)	4,400	62,231
Profit for the period	-	17,402	-	17,402
Other comprehensive income	-	-	-	-
Total comprehensive income and expense for the period	-	17,402	-	17,402
Transactions with equity holders in their capacity as equity holders:				
Exercise of performance rights	-	-	(415)	(415)
Share based payments expense	-	-	330	330
Dividends on ordinary shares	-	(6,228)	-	(6,228)
At 31 December 2016	310,262	(241,257)	4,315	73,320
	Issued Capital \$'000	Accumulated Losses \$'000	Employee Benefits Reserve \$'000	Total Parent Entity Interest \$'000
At 1 July 2015	310,262	(140,536)	4,150	173,876
Profit for the period	-	16,238	-	16,238
Other comprehensive income	-	-	-	-
Total comprehensive income and expense for the period	-	16,238	-	16,238
Transactions with equity holders in their capacity as equity holders:				
Exercise of performance rights	-	-	(854)	(854)
Share based payments expense	-	-	577	577
Dividends on ordinary shares	-	(10,990)	-	(10,990)
At 31 December 2015	310,262	(135,288)	3,873	178,847

Interim Consolidated Statement of Cash Flows

Half-Year Ended 31 December 2016

	NOTES	CONSOLIDATED	
		31 DEC 2016 \$'000	31 DEC 2015 \$'000
OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		146,518	140,322
Payments to suppliers and employees (inclusive of GST)		(118,129)	(116,317)
Interest received		79	90
Borrowing costs paid		(1,146)	(1,593)
Income tax paid		(7,859)	(9,582)
NET CASH FLOWS FROM OPERATING ACTIVITIES		19,463	12,920
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		1	2,160
Purchase of property, plant & equipment and intangible assets		(2,476)	(1,668)
Proceeds from sale of financial assets		-	3,000
Loan funds to related entities		(43)	(387)
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		(2,518)	3,105
FINANCING ACTIVITIES			
Proceeds from borrowings		45,000	46,000
Repayments of borrowings		(57,000)	(53,000)
Finance lease liability payments		(137)	(131)
Share based payments – performance rights exercised		(330)	(854)
Dividends paid	6	(6,228)	(10,990)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(18,695)	(18,975)
NET DECREASE CASH AND CASH EQUIVALENTS		(1,750)	(2,950)
Cash and cash equivalents at beginning of period		8,235	9,837
CASH AND CASH EQUIVALENTS AT END OF PERIOD		6,485	6,887

Notes to the Financial Statements

For the Half-Year Ended 31 December 2016

1. CORPORATE INFORMATION

The interim consolidated financial report of Prime Media Group Limited (the “Company” or the “Group”) for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 23 February 2017.

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 Note 4.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The half-year consolidated financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, and *AASB 134 Interim Financial Reporting*.

The half-year consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 30 June 2016 and any public announcements made by the Company during the half-year ended 31 December 2016.

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

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2016

3. INCOME AND EXPENSES

	CONSOLIDATED	
	31 DEC 2016	31 DEC 2015
	\$'000	\$'000
(A) INCOME		
Advertising and other external revenue	129,790	121,603
Finance income	79	90
Other revenue	812	2,850
	130,681	124,543
<i>Breakdown of Other revenue:</i>		
Government grants	334	410
Other revenues	478	435
Gain on sale of surplus assets	-	1,504
Gain on sale of available-for-sale financial assets	-	501
	812	2,850
(B) FINANCE EXPENSES		
Interest on debt and borrowings	1,385	1,892
Finance charges payable under finance leases and hire purchase agreements	14	25
	1,399	1,917
(C) EMPLOYEE BENEFIT EXPENSE		
Wages and salaries	17,727	17,392
Redundancy expense	502	118
Superannuation expense	1,365	1,406
Share-based payments expense	330	577
Other employee benefits expense	713	899
	20,637	20,392
(D) OTHER EXPENSES		
Bad and doubtful debts and credit notes – trade debtors	253	197
Minimum lease payments – operating leases	6,163	6,383

4. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE SEGMENTS

The Group operates as a single regional free-to-air television broadcasting segment. The Group owns commercial television licences to broadcast in regional New South Wales, the Australian Capital Territory, regional Victoria, the Gold Coast area of Southern Queensland and regional 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 of Australia and the GWN7 brand in regional Western Australia.

The Board and Executive monitor the operating performance of the segment based on internal reports and discrete financial information that is reported to the Board on at least a monthly basis.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2016

5. CORE NET PROFIT BEFORE SPECIFIC ITEMS AND AFTER TAX

	CONSOLIDATED	
	31 DEC 2016 \$'000	31 DEC 2015 \$'000
Profit for the period	17,402	16,238
– Gain on sale of surplus assets	-	(1,504)
– Gain on sale of available-for-sale financial assets	-	(501)
– Redundancies	502	119
– Income tax benefit related to specific items	(151)	(36)
Core net profit before specific items and after tax attributable to members of Prime Media Group Limited	17,753	14,316

The Group's interim dividend has been declared based on the core net profit after tax (excluding specific items).

6. DIVIDENDS PAID AND PROPOSED

(A) RECOGNISED AMOUNTS

Declared and paid during the year

	CONSOLIDATED	
	2016 \$'000	2015 \$'000
Previous year final		
Franked dividends 1.7 cents per share (2015: 3.0 cents) – ordinary shares	6,228	10,990

(B) UNRECOGNISED AMOUNTS

Current year interim		
Franked dividends 1.7 cents per share (2015: 2.0 cents) – ordinary shares	6,228	7,327

Notes to the Financial Statements

For the Half-Year Ended 31 December 2016

7. INTANGIBLE ASSETS AND GOODWILL

Reconciliation of carrying amounts at the beginning and end of the period.

	Goodwill	Broadcast Licences	Program Rights	Infrastructure Access Licence	Business Software and Development Costs	Website Development Costs	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost							
At 30 June 2015	18,355	182,963	14,000	4,052	15,809	550	235,729
Additions	-	-	-	193	1,933	-	2,126
Disposals	-	-	-	-	(1,386)	-	(1,386)
At 30 June 2016	18,355	182,963	14,000	4,245	16,356	550	236,469
Additions	-	-	-	213	111	-	324
Disposals	-	-	-	-	(9)	-	(9)
At 31 December 2016	18,355	182,963	14,000	4,458	16,458	550	236,784
Amortisation and impairment							
At 30 June 2015	(14,874)	-	(7,333)	(2,312)	(9,271)	(550)	(34,340)
Amortisation charges	-	-	(1,667)	(687)	(1,488)	-	(3,842)
Impairment charges	(3,481)	(119,450)	-	-	-	-	(122,931)
Disposals	-	-	-	-	1,345	-	1,345
At 30 June 2016	(18,355)	(119,450)	(9,000)	(2,999)	(9,414)	(550)	(159,768)
Amortisation charges	-	-	(833)	(343)	(890)	-	(2,066)
Disposals	-	-	-	-	8	-	8
At 31 December 2016	(18,355)	(119,450)	(9,833)	(3,342)	(10,296)	(550)	(161,826)
Net Book Value							
At 30 June 2016	-	63,513	5,000	1,246	6,942	-	76,701
Total Current	-	-	1,667	-	-	-	1,667
Total Non-Current	-	63,513	3,333	1,246	6,942	-	75,034
At 31 December 2016	-	63,513	4,167	1,116	6,162	-	74,958
Total Current	-	-	1,667	-	-	-	1,667
Total Non-Current	-	63,513	2,500	1,116	6,162	-	73,291

The Group performed its annual impairment test at 30 June 2016 and reported a non-cash impairment of television broadcast licences and goodwill of \$122,931,000. The goodwill and television broadcast licences were determined to be impaired on the basis that their carrying amount exceeded the recoverable amount based on a value-in-use calculation. The assumptions used to determine the recoverable amount were disclosed in the 2016 Annual Report. At this reporting date, the Group reviewed the assumptions applied to determine the recoverable amount and determined that there has not been a significant change in assumptions resulting in a material change in the recoverable amount of goodwill and television broadcast licences.

No impairment losses were incurred or reversed during the reporting period.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2016

8. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts at the beginning and end of the period.

	Land and Buildings	Leasehold Improvements	Plant and Equipment	Leased Plant and Equipment	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
At 30 June 2015	13,253	1,684	94,018	2,242	111,197
Additions	34	387	3,328	-	3,749
Disposals	(48)	(549)	(13,549)	-	(14,146)
Reclassification to asset held for sale	(843)	-	(234)	-	(1,077)
At 30 June 2016	12,396	1,522	83,563	2,242	99,723
Additions	-	38	2,105	-	2,143
Disposals	-	-	(681)	-	(681)
Reclassification to asset held for sale	-	-	(5)	-	(5)
At 31 December 2016	12,396	1,560	84,982	2,242	101,180
Amortisation and impairment					
At 30 June 2015	(4,770)	(1,140)	(68,420)	(1,392)	(75,722)
Depreciation charges	(318)	(276)	(5,732)	-	(6,326)
Amortisation charges	-	-	-	(127)	(127)
Disposals	16	536	13,273	-	13,825
Reclassification to asset held for sale	292	-	201	-	493
At 30 June 2016	(4,780)	(880)	(60,678)	(1,519)	(67,857)
Depreciation charges	(150)	(82)	(2,538)	-	(2,770)
Amortisation charges	-	-	-	(64)	(64)
Disposals	-	-	664	-	664
Reclassification to asset held for sale	-	-	5	-	5
At 31 December 2016	(4,930)	(962)	(62,547)	(1,583)	(70,022)
Net Book Value					
At 30 June 2016	7,616	642	22,885	723	31,866
At 31 December 2016	7,466	598	22,435	659	31,158

Notes to the Financial Statements

For the Half-Year Ended 31 December 2016

9. INTEREST BEARING LOANS AND BORROWINGS

		DEC 2016 \$'000	JUN 2016 \$'000
Current			
Obligations under finance lease contracts	2016	264	402
		264	402
Non-current			
\$100 million secured bank loan facility (Jun 2016: \$120 million)	2018	61,572	73,402
		61,836	73,804

TERMS AND CONDITIONS

Bank loan facility

During the reporting period, the Company's secured bank loan facility limit was reduced by \$20 million to \$100 million. The bank loan facility matures in April 2018 and is secured by a charge over the assets of the borrower group comprising all wholly owned entities in Australia, but excluding Broadcast Production Services Pty Limited and its subsidiaries. Interest is charged at the BBSY rate plus a margin of between 1.50% and 1.80% (Level 2).

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.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2016

10. CONTRIBUTED EQUITY

(A) ISSUED AND PAID UP CAPITAL

	CONSOLIDATED	
	31 DEC 2016	30 JUN 2016
	\$'000	\$'000
Ordinary shares fully paid		
366,330,303 shares (June 2016: 366,330,303 shares)	310,262	310,262

(B) MOVEMENTS IN SHARES ON ISSUE

	31 DEC 2016		30 JUN 2016	
	Number of Shares	\$'000	Number of Shares	\$'000
<i>Ordinary</i>				
Beginning of the financial year	366,330,303	310,262	366,330,303	310,262
Balance at reporting date	366,330,303	310,262	366,330,303	310,262

11. COMMITMENTS

At 31 December 2016, the Group had capital commitments of \$456,000 (June 2016: \$459,000). The majority of the capital commitments relate to the acquisition of broadcast and computer hardware and software.

12. SHARE BASED PAYMENTS

The following performance rights have been issued in the reporting period under the Prime Media Group Limited Performance Rights Plan, which was established for Senior 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.

	31 Dec 2016		31 Dec 2015	
	Chief Executive Officer	Senior Executives	Chief Executive Officer	Senior Executives
Issue Date	-	-	10 Nov 2015	14 Sep 2015
Performance rights issued	-	-	750,000	1,227,753
Fair value at grant date (per share)	-	-	\$0.416	\$0.426
Expected annual dividends	-	-	\$0.068	\$0.068
Expected volatility	-	-	30.60%	30.60%
Performance rights exercise price	-	-	\$0.00	\$0.00
Risk-free rate	-	-	2.71%	2.71%
Expected life	-	-	3 years	3 years

13. SUBSEQUENT EVENTS

On 31 January 2017 the Group completed the sale of surplus property located in Tamworth New South Wales for consideration of \$1,636,000. The transaction is not recorded in these financial statements.

Directors' Declaration

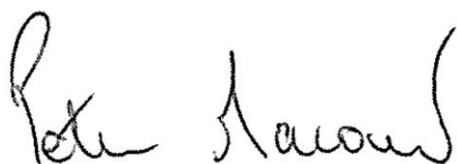
For the Half-Year Ended 31 December 2016

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

In the opinion of the directors:

- a. The financial statements and notes of Prime Media Group Limited for the half-year ended 31 December 2016 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 31 December 2016 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



P.J. Macourt
Director

Sydney, 23 February 2017

To the members of Prime Media Group Limited

Report on the Half-Year Financial Report

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

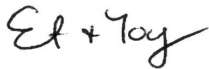
Independence

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

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Christopher George
Partner
Sydney
23 February 2017