



# Preliminary Final Report

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**ABN 20 009 221 630**

## **APPENDIX 4E**

### **Preliminary Final Report for Year Ended 30 June 2017**

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## Appendix 4E

### Results for announcement to the market

#### 1. Company Details

Name of Entity:	Pacific Star Network Limited
ABN	20 009 221 630
Full Year Ended (current period)	30 June 2017
Full Year Ended (previous period)	30 June 2016

#### 2. Results for announcement to the market

	<i>Change %</i>		<b>30 June 2017 \$'000's</b>	30 June 2016 \$'000's
<b>2.1</b> Revenues from continuing activities	Down 8%	to	<b>22,093</b>	23,983
<b>2.2</b> EBITDA (underlying)*	Down 10%	to	<b>3,116</b>	3,451
<b>2.3</b> Net (loss) / profit from ordinary activities before tax attributable to members	Down<100%	to	<b>(6,732)</b>	1,429
<b>2.4</b> Net (loss) / profit from ordinary activities after tax attributable to members	Down<100%	to	<b>(7,341)</b>	1,093
<b>2.5</b> Impairment / restructuring costs	Up>100%	to	<b>(8,501)</b>	(611)
<b>2.6</b> Earnings per Share – basic cents (NPAT)	Down<100%	to	<b>(10.1)</b>	1.5
<b>2.7</b> Earnings per Share – basic cents (underlying NPAT)*	Down 24%	to	<b>1.6</b>	2.1
<b>2.8</b> Earnings per Share – basic (cents) (underlying EBITDA)*	Down 10%	to	<b>4.3</b>	4.8

\* = Non-AIFRS items

#### Note:

The information contained in this Appendix 4E and the attached Full Year Financial Report does not include all of the notes of the type normally included in the annual financial statements.

Accordingly, these reports are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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## Results for announcement to the market cont'd

### 2.9 Brief explanation / notes

Reported revenues for the full year were down 8% to \$22.093 million (FY16: \$23.983 million). The lower revenue is the result of a decision taken early in the financial year to discontinue producing several owned and contract printed publications. The revenue impact of this decision was \$1.848 million.

EBITDA was a loss of \$5.385 million (FY16: \$2.840 million) and net loss before tax was \$6.732 million (FY16: \$1.429 million profit).

The loss is attributable to a decision to recognise an impairment in goodwill and mastheads in the publishing CGU to the value of \$8.239 million.

Underlying EBITDA\* was \$3.116 million (FY16: \$3.451 million) and underlying net profit before tax was \$1.769 million (FY16: \$2.040 million), before recognition of impairment / restructuring costs.

Segment results for the company's two business units are disclosed in note 7 of this report.

### Financial Performance

	<b>30 June 2017 \$'000's</b>	30 June 2016 \$'000's
Broadcast revenue	<b>15,293</b>	14,449
Publishing revenue	<b>6,626</b>	9,322
Other revenue	<b>163</b>	188
Revenue from continuing operations	<b>22,082</b>	23,959
Underlying EBITDA*	<b>3,116</b>	3,451
Depreciation / amortisation	<b>(1,044)</b>	(1,102)
Earnings before interest, tax and impairment / restructuring costs*	<b>2,072</b>	2,349
Interest received	<b>11</b>	24
Interest paid	<b>(314)</b>	(333)
Impairment / restructuring costs	<b>(8,501)</b>	(611)
Net (loss) / profit before tax	<b>(6,732)</b>	1,429
Income tax	<b>(609)</b>	(336)
Net (loss) / profit after tax	<b>(7,341)</b>	1,093
Dividend paid per share	<b>0.06 cents fully franked</b>	2.4 cents fully franked

\* = Non-AIFRS items

# Preliminary Final Report

## Results for announcement to the market cont'd

### 2.10 Impairment / restructuring costs

At reporting date, the Company has recognised \$8.501 million in impairment and restructuring costs. The decision to impair the Publishing CGU goodwill and masthead was based on a number of factors including:

- a) difficulties in predicting reliable cash flow estimates for future financial periods;
- b) the market's view on long term average growth / decline rates in magazines; and
- c) ongoing uncertainty about the timing of when users will pay for digital products.

In recognising this non cash impairment at reporting date, the Company is adopting a prudent view of the value of the future benefits that can be leveraged from this business unit.

Restructuring costs reflect the impact of redundancies and asset write downs across the business as we rationalise processes.

Impairment and restructuring costs recognised in the full year were:

	<b>\$'000's</b>
Restructuring costs	262
Impairment of Inside Football masthead	797
Impairment of goodwill from acquisition of Morrison Media	7,442
<b>Total</b>	<b>8,501</b>

### 2.11 Dividends (distributions)

	<b>Amount per security</b>	<b>Franked amount per security</b>
Final dividend declared (Conduit Foreign Income – Nil)	Nil cents	N/a
Previous corresponding period (Conduit Foreign Income – Nil)	1.05 cents	100%
Interim dividend declared (Conduit Foreign Income – Nil)	0.60 cents	100%
Previous corresponding period (Conduit Foreign Income – Nil)	1.35 cents	100%

In recognition of the future capital needs of the business and the short term maturing debt facility, directors have determined that cash resources are better directed towards these purposes and accordingly, directors have resolved to not declare a final dividend for the reporting period.

**2.12** Record date for determining entitlement date to dividend

Not Applicable

**2.13** Dividend payment date

Not Applicable

## 3. Net Tangible Asset (NTA) Backing

	<b>30 June 2017</b>	<b>30 June 2016</b>
Net tangible asset backing per ordinary security	(2.2) cents	(2.6) cents
Net asset backing per ordinary security	13.6 cents	25.6 cents

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## Results for announcement to the market cont'd

### 4. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to net profit in \$'000's	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Digital Radio Broadcasting Melbourne Pty Ltd	18%	18%	39	15

### 5. Funding

	30 June 2017 \$'000's	30 June 2016 \$'000's
Cash	1,663	1,908
Borrowings	(5,750)	(5,750)
Net Debt	(4,087)	(3,842)
Gearing % = Net Debt / (Net Debt + Shareholder Funds)	30%	18%

At reporting date the Company was fully compliant with banking covenants.

The level of gearing has increased over the comparative period, due to the Company's decision to impair the remaining value of goodwill and a masthead, by \$8.239 million this reporting period.

Whilst the impairment is a non cash adjustment, it has the effect of reducing of shareholder funds for the purposes of determining gearing levels.

In relation to borrowings, the bank facility is due to mature in December 2017 and the Company is in discussions with Commonwealth Bank of Australia to renegotiate the facility.

Directors are not in possession of any information that would lead them to believe that the Company will not be successful in renegotiating / extending the bank facility.



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## Director's Report

The names and particulars of the directors of the company at any time during or since the end of the financial year are:

<i>Name</i>	<i>Particulars</i>
Ronald Hall	Appointed Non-Executive Director on 13 February 2002
Andrew Moffat	Appointed Non-Executive Director on 1 September 2004 Resigned 24 November 2016
Gary Pert	Appointed Non-Executive Director on 1 July 2008
Colm O'Brien	Appointed Non-Executive Director on 10 September 2015
John Bertrand AO	Appointed Non-Executive Director on 24 November 2016
Peter Quattro	Appointed Non-Executive Director on 7 December 2016
Michael Nettlefold	Appointed Non-Executive Director on 25 August 2017

## Principal activities

Pacific Star Network Limited is a media company with interests in specialised niche audiences in both broadcasting (SEN, Classic Rock, Aussie, Kool and Rythmos) and in publishing (frankie, Smith Journal, Spaces, Slow and Inside Football magazine) and associated digital assets.

The company's strategy is to create and distribute diverse content for niche target communities.

## Operating Result

The company reports a net loss after tax of \$7.341 million compared to the corresponding period (2016: \$1.093 million profit).

The underlying net profit before tax (excluding the impact of impairment and restructuring costs of \$8.501 million) was \$1.769 million, down 13% on the corresponding period (2016: \$2.040 million).

EBITDA result was a loss of \$5.385 million due to the inclusion of impairment and restructuring costs (2016: \$2.840 million).

Underlying EBITDA (excluding impairment and restructuring costs of \$8.501 million) was \$3.116 million, down 10% on the comparative period (2016: \$3.451 million).

Revenue at \$22.093 million for the year was down 8% on the comparative period (2016: \$23.983 million).

Operating costs at \$28.825 million include \$8.501 million of impairment and restructuring costs. Excluding the impact of these costs, operating costs were \$20.324 million, down 10% on the comparative period (2016: \$22.554 million).

Operating cash flows were \$1.451 million excluding restructuring costs (2016: \$1.985 million).

Taxable income for the reporting period is estimated at \$2.030 million. Income tax expense for the period is estimated at \$609,000, representing an effective tax rate of 30%.

## Director's Report Cont'd

### Review of Operations

- Broadcast delivered an underlying EBITDA result of \$2.50 million (2016: \$2.489 million) for the year. This was a notable achievement in a climate where we made decisions to change the programming line-up on 1116SEN and relaunch the breakfast program with new talent from January.

1116SEN was successful in securing another six years of AFL broadcast rights, an important part of our 24/7 sports programming and this was followed up with a decision to invest in new talent for the AFL season.

During the year, we continued investing in digital and technology with the launch of a new website ([www.sen.com.au](http://www.sen.com.au)) and we are hugely encouraged by results to date. In terms of digital footprint:

- social media engagement on Facebook and Twitter was up 9% to 410 thousand users; and
- podcast usage was up 165% to 7.5 million downloads.

These reflect the changing habits of listeners in consuming content at a time of their choosing.

- Underlying EBITDA result in Publishing was \$1.462 million (2016: \$1.674 million). Whilst this result is lower than the comparative period it's been achieved in a climate where the advertising market for magazines declined by 16% year on year and copy sales through newsagents continues to decline. In recognition of this we have made changes to the publishing business model including:

- closure of loss making publications;
- closure of the Company's Gold Coast Office; and
- centralising resources in Melbourne to create process efficiencies.

Implementation of these changes will drive cost savings in the next financial year.

In addition, there are a number of projects underway to improve our digital presence and copy sales including:

- driving digital touch points – put the consumer at the centre of the experience using mobile-optimised content;
- new subscription management solution to improve acquisition and retention rates and enable loyalty rewards; and
- A stronger focus on multi-platform advertiser solutions including native content.

### Outlook

We see the period ahead as an opportunity to grow revenue but this will be combined with facing a number of challenges including:

- We are on track with building a strong and sustainable digital capability in the business, however, the landscape is constantly evolving and with choice well and truly in the hands of the customer in terms of what, when and how they desire to consume content, we are in no doubt that consumers will dictate the future. A big part of this, will be designing shareable content that can be distributed through many channels and most importantly developing the means to monetize this content.

## Director's Report Cont'd

### Outlook cont'd

- With a large part of our business focused around advertising, the emergence of social media as the fastest growing influence on purchasing decisions, reflects that this category has come of age and the opportunity it presents is on a par with radio and magazine advertising and is likely to outgrow traditional media.

We own a portfolio of entertainment brands targeted to specific audiences, we understand how to connect with audiences across on-line, mobile, social media, radio and quality print media. Advertisers choose our brands because of our ability to deliver them strong engagement with our audiences through our ability to be adaptable, scalable and innovative, however, we need to recognise that increasingly, advertisers want measurement KPI's to judge the impact of campaigns and we need to improve our internal capability to respond positively to this.

- Using the strong foundations of the business, we will need to develop complementary partnerships where we contribute content with other partners bringing know-how and resources in areas such as video gaming, e-sports, podcasting, syndication, branded products, digital consumption, social media engagement and long term brand associations.

We are continuing to renew the Board, in my own case, I was appointed Chairman in November 2016, and we then welcomed directors, Peter Quattro in early December 2016 and in recent days announced that Michael Nettlefold will join the Board. These are people with a strong business calibre and they have been highly successful in their own business ventures. I have no doubt they will bring valuable insights to the board table. We also bid farewell to Andrew Moffat as Chairman in November 2016 and in recent days announced that Colm O'Brien will retire as a director effective from the date of the next AGM.

### Dividends

After careful consideration of our financial position, a maturing debt facility and the need to continue investing back in to the business, directors have taken the decision to not declare a final dividend. The Board will continue to review its dividend policy at each reporting date.

We believe this to be a prudent move and one that will benefit shareholders in the longer term. Accordingly, the dividend for the year is 0.6 cents (2016: 2.4 cents) fully franked.

### Rounding of Amounts

Pacific Star Network Limited is of a kind referred to in ASIC Legislative Instrument 2016/191 and in accordance with the Legislative Instrument, amounts in the Directors' Report and Financial Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors'.

A handwritten signature in blue ink, appearing to read "John Bertrand".

John Bertrand AO  
**Chairman**

Melbourne, 28 August 2017



## Preliminary Final Report

### Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 30 June 2017

	Notes	30 June 2017 \$'000's	30 June 2016 \$'000's
<b>REVENUE</b>	<b>2</b>	<b>22,093</b>	23,983
Sales and marketing expenses		(4,331)	(4,068)
Occupancy expenses		(870)	(946)
Administration expenses		(3,512)	(3,884)
Technical expenses		(6,952)	(7,112)
Production / creative expenses		(3,594)	(4,759)
Impairment / restructuring costs		(8,501)	(611)
Corporate expenses		(790)	(856)
Finance costs		(314)	(333)
Investments accounted for using the equity method		39	15
<b>EXPENSES</b>		<b>(28,825)</b>	(22,554)
<b>(LOSS) / PROFIT BEFORE INCOME TAX</b>		<b>(6,732)</b>	1,429
Income tax expense	<b>3</b>	<b>(609)</b>	(336)
<b>(LOSS) / PROFIT FOR THE YEAR AFTER INCOME TAX</b>		<b>(7,341)</b>	1,093
Other comprehensive income net of tax		-	-
<b>COMPREHENSIVE (LOSS) / PROFIT FOR THE YEAR</b>		<b>(7,341)</b>	1,093
<b>(LOSS) / EARNINGS PER SHARE</b>			
Basic (cents per share)	<b>4</b>	<b>(10.1)</b>	1.5
Diluted (cents per share)	<b>4</b>	<b>(10.2)</b>	1.5

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

## Preliminary Final Report

### Consolidated Statement of Financial Position as at 30 June 2017

	Notes	30 June 2017 \$'000's	30 June 2016 \$'000's
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,663	1,908
Trade and other receivables		4,326	4,143
Prepayments		207	561
<b>TOTAL CURRENT ASSETS</b>		<b>6,196</b>	<b>6,612</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,197	1,382
Deferred tax asset		648	769
Receivables from associate		92	104
Investments accounted for using the equity method		201	162
Intangibles	5	11,192	19,935
<b>TOTAL NON-CURRENT ASSETS</b>		<b>13,330</b>	<b>22,352</b>
<b>TOTAL ASSETS</b>		<b>19,526</b>	<b>28,964</b>
<b>CURRENT LIABILITIES</b>			
Borrowings		5,750	-
Trade and other payables		2,493	3,358
Income tax		363	325
Provisions		607	740
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,213</b>	<b>4,423</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		-	5,750
Deferred tax liability		649	766
Provisions		7	53
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>656</b>	<b>6,569</b>
<b>TOTAL LIABILITIES</b>		<b>9,869</b>	<b>10,992</b>
<b>NET ASSETS</b>		<b>9,657</b>	<b>17,972</b>
<b>EQUITY</b>			
Issued capital		21,680	21,508
Share based payment reserve		692	666
Accumulated losses		(12,715)	(4,202)
<b>TOTAL EQUITY</b>		<b>9,657</b>	<b>17,972</b>

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## Preliminary Final Report

### Consolidated Statement of Changes in Equity for Financial Year Ended 30 June 2017

	Notes	Issued Capital \$'000's	Share Based Payment Reserve \$'000's	Accumulated Losses \$'000's	Total \$'000's
<b>TOTAL EQUITY AT 1 JULY 2016</b>		<b>21,508</b>	<b>666</b>	<b>(4,202)</b>	<b>17,972</b>
Loss after income tax		-	-	<b>(7,341)</b>	<b>(7,341)</b>
Other comprehensive income		-	-	-	-
Total comprehensive loss		-	-	<b>(7,341)</b>	<b>(7,341)</b>
<b>Transactions with owners in their capacity as owners</b>					
Dividends paid		-	-	<b>(1,172)</b>	<b>(1,172)</b>
Issue of share capital <sup>1</sup>	<b>6</b>	<b>172</b>	-	-	<b>172</b>
Amortisation of share options granted		-	<b>26</b>	-	<b>26</b>
<b>TOTAL EQUITY AT 30 JUNE 2017</b>		<b>21,680</b>	<b>692</b>	<b>(12,715)</b>	<b>9,657</b>
<b>TOTAL EQUITY AT 1 JULY 2015</b>		21,463	696	(3,614)	18,545
Profit after income tax		-	-	1,093	1,093
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	1,093	1,093
<b>Transactions with owners in their capacity as owners</b>					
Dividends paid		-	-	(1,681)	(1,681)
Issue of share capital <sup>2</sup>	<b>6</b>	45	-	-	45
Amortisation of share options granted		-	(30)	-	(30)
<b>TOTAL EQUITY AT 30 JUNE 2016</b>		<b>21,508</b>	<b>666</b>	<b>(4,202)</b>	<b>17,972</b>

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

<sup>1</sup> Issued 168,000 ordinary shares for nil consideration under the Company's Exempt Employee Share Plan (EESP), 12,500 ordinary shares for nil consideration under the Exempt Employee Share Plan (EESP) and 521,996 ordinary shares under the new Dividend Reinvestment Plan (DRP).

<sup>2</sup> Issued 179,280 ordinary shares for nil consideration under the Company's Exempt Employee Share Plan (EESP) in the prior financial year.

## Preliminary Final Report

### Consolidated Statement of Cash Flows for the Financial Year Ended 30 June 2017

	Inflows / (Outflows)	
	30 June 2017 \$'000's	30 June 2016 \$'000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers (inclusive of GST)	<b>25,792</b>	27,099
Payments to suppliers and employees (inclusive of GST)	<b>(23,603)</b>	(23,828)
Interest received	<b>11</b>	24
Interest and other costs of finance paid	<b>(236)</b>	(363)
Income taxes paid	<b>(598)</b>	(947)
<b>Net cash provided by operating activities before restructuring costs</b>	<b>1,366</b>	1,985
Payment for restructuring costs	<b>(177)</b>	(658)
<b>Net cash provided by operating activities after restructuring costs</b>	<b>1,189</b>	1,327
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	<b>(406)</b>	(57)
<b>Net cash used in investing activities</b>	<b>(406)</b>	(57)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	-	<b>(1,250)</b>
Dividends paid	<b>(1,028)</b>	<b>(1,681)</b>
<b>Net cash used in financing activities</b>	<b>(1,028)</b>	<b>(2,931)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(245)</b>	<b>(1,661)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>1,908</b>	3,569
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>1,663</b>	1,908

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

## Preliminary Final Report

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# Notes to the Financial Statements for the Year Ended 30 June 2017

## 1. Summary of significant accounting policies

This preliminary financial report has been authorised for issue by the directors and is presented in the Australian currency.

### Statement of Compliance

The preliminary report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E, and in accordance with the recognition and measurement requirements but not the disclosure requirements of Accounting Standards and Australian Accounting Interpretations and the Corporations Act 2001. Accounting Standards includes Australian equivalents to International Financial Reporting Standards (A-IFRS).

The preliminary final report does not include notes of the type normally included in an annual report.

### Basis of Preparation

The preliminary report is to be read in conjunction with the 2016 Annual Financial Report, the December 2016 half year report and any public announcements made by Pacific Star Network Limited and its controlled entities during the year in accordance with the continuous disclosure obligation arising under ASX Listing Rules.

The preliminary final report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the Company's Annual Financial Report for the year ended 30 June 2016.

### Adoption of new and revised Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory or material for the reporting period.

The application of these standards will not /materially affect the amounts recognised in the current or future period financial statements.

### Critical accounting judgements and key sources of estimation uncertainty

In the application of accounting policies, management is required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and assumptions have been utilised for the impairment testing of intangible assets with indefinite lives.

By their nature, these estimates incorporate inherent risks as they are based on future events which could have a material impact on the value of assets and liabilities in this financial year.

## Notes to the Financial Statements for the Year Ended 30 June 2017

### 1. Summary of significant accounting policies cont'd

#### Rounding of Amounts

In accordance with Legislative Instrument 2016/191, amounts shown in the financial report have been rounded off to the nearest thousand dollars.

#### Fair value measurement of other financial instruments

The company has a number of financial instruments which are not measured at fair value in the Statement of Financial Position.

Due to their short-term nature, the carrying amounts of receivables, payables and borrowings is assumed to approximate to fair value.

30 June 2017 \$'000's	30 June 2016 \$'000's
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### 2. Revenue from continuing operations

Broadcast revenue	15,293	14,449
Publishing revenue	6,626	9,322
Interest revenue	11	24
Other revenue	163	188
Revenue from continuing operations	<b>22,093</b>	23,983

### 3. Income Tax

- a) Income tax expense for the financial year differs from the amount calculated in the net result from continuing operations. The difference is reconciled as follows:

(Loss) / profit before income tax expense	(6,732)	1,429
Income tax expense calculated at 30%	(2,020)	429
Non allowable expenses / assessable income	2,689	5
Deductible expenses / non assessable income	(90)	(318)
	<b>579</b>	116
Income tax – under / over provision in prior years	30	220
Current tax expense	<b>609</b>	336

b) Income tax expense		
Current tax	564	834
Movement in deferred tax asset	162	(336)
Movement in deferred tax liability	(117)	(162)
Income tax expense	<b>609</b>	336

### Notes to the Financial Statements for the Year Ended 30 June 2017

#### 4. Earnings Per Share

	000's	000's
<i>Weighted average number of ordinary shares on issue for calculation of:</i>		
Basic (loss) / earnings per share	<b>72,363</b>	70,869
Diluted (loss) / earnings per share	<b>71,973</b>	71,674
	\$'000's	\$'000's
(Loss) / profit for the year after income tax	<b>(7,341)</b>	1,093
Basic (loss) / earnings per share (cents per share)	<b>(10.1)</b>	1.5
Diluted (loss) / earnings per share (cents per share)	<b>(10.2)</b>	1.5

#### 5. Intangible Assets

	30 June 2017 \$'000's	30 June 2016 \$'000's
<i>Broadcasting CGU</i>		
Radio licences – indefinite useful life	<b>8,169</b>	8,169
Patents and trademarks	<b>122</b>	117
Sub-total	<b>8,291</b>	8,286
Website – SportsSENtral	<b>381</b>	167
Website – amortisation / write-off	<b>(190)</b>	(59)
Sub-total	<b>191</b>	108
Broadcasting – total	<b>8,482</b>	8,394
<i>Publishing CGU</i>		
Mastheads – indefinite useful life	<b>2,077</b>	2,077
Impairment of Inside Football masthead	<b>(797)</b>	-
Sub-total	<b>1,280</b>	2,077
Goodwill – indefinite useful life	<b>7,442</b>	7,442
Impairment of goodwill on Morrison Media acquisition	<b>(7,442)</b>	-
Sub-total	<b>-</b>	7,442
Customer relationships – finite useful life	<b>2,959</b>	2,959
Customer relationships – amortisation	<b>(1,529)</b>	(937)
Sub-total	<b>1,430</b>	2,022
Publishing – total	<b>2,710</b>	11,541
Intangibles – total	<b>11,192</b>	19,935

## Notes to the Financial Statements for the Year Ended 30 June 2017

### 5. Intangible Assets cont'd

Intangibles are tested annually for impairment at CGU level.

Intangibles have been allocated to two CGU's for impairment testing as follows:

- Broadcasting CGU (radio licences) - 1116AM (SEN) / 1377AM (CRR) - \$8.482 million; and
- Publishing CGU (publications) Frankie, Smith Journal, Slow and Inside Football - \$2.710 million.

Radio licences included in broadcasting intangibles are considered to have an indefinite useful life and are not amortised but are reviewed for impairment at each reporting date.

Publishing intangibles including mastheads, brands, and goodwill designated to have an indefinite useful life are not amortised but are reviewed for impairment at each reporting date.

Publishing intangibles include customer lists that have been designated with a finite life that will be amortised systematically over a five year period.

The recoverable amount of each CGU has been determined based on the higher of value in use or fair value.

Directors' have reviewed Broadcasting and Publishing assets for impairment and the Company has undertaken detailed impairment calculations. Based on this work, directors have determined that the Publishing CGU intangibles are impaired by \$8.239 million at reporting date and accordingly, the impairment has been recognised in these financial statements.

### 6. Equity Securities Issued

	30 June 2017		30 June 2016	
	000's	\$'000's	000's	\$'000's
<i>Issues of Ordinary Shares during the year</i>				
Issuance of shares – Exempt Employee Share Plan (EESP)	168	42	179	45
Issuance of shares – Employee and Executive Share Option Plan (EEIP)	13	-	-	-
Issuance of shares – Dividend Reinvestment Plan (DRP)	522	130	-	-
	<b>703</b>	<b>172</b>	179	45

In February 2017, the Company announced the introduction of a Dividend Reinvestment Plan (DRP) in relation to the proposed final dividend and any future dividends (where applicable).



## Preliminary Final Report

### Notes to the Financial Statements for the Year Ended 30 June 2017

#### 7. Segment Information

	30 June 2017 \$'000's			30 June 2016 \$'000's			Total \$'000's	
	Broadcasting	Publishing	Head Office	Broadcasting	Publishing	Head Office	2017	2016
Segment Revenues	15,465	6,628	-	14,634	9,332	17	22,093	23,983
Underlying EBITDA*	2,500	1,462	(846)	2,489	1,674	(712)	3,116	3,451
Depreciation & amortisation	(437)	(607)	-	(478)	(624)	-	(1,044)	(1,102)
Earnings before interest, tax and significant items*	2,063	855	(846)	2,011	1,050	(712)	2,072	2,349
Net finance cost	(1)	3	(305)	10	10	(329)	(303)	(309)
Impairment & restructuring	(146)	(8,355)	-	(238)	(206)	(167)	(8,501)	(611)
Segment (loss) / profit before tax	1,916	(7,497)	(1,151)	1,783	854	(1,208)	(6,732)	1,429
Segment Assets	14,190	4,726	610	14,841	14,049	74	19,526	28,964
Segment Liabilities	2,229	1,281	6,359	2,943	2,452	5,597	9,869	10,992

\* Non-AIFRS items

#### 8. Dividends Paid and Proposed

Dividends paid / payable were as follows

Interim dividend paid for half year ended 31 December  
Final dividend paid for the financial year ended 30 June

30 June 2017 \$'000's	30 June 2016 \$'000's
-----------------------------	-----------------------------

736	946
436	735
<b>1,172</b>	1,681

Dividends paid in cash during the year was as follows:

Paid in cash  
Paid via issue of shares in Dividend Reinvestment Plan (DRP)

1,028	1,681
144	-
<b>1,172</b>	1,681

Interim dividend paid for half year – cents per share

Final dividend declared – cents per share

Total dividend paid for the full year

0.60	1.35
N/a	1.05
<b>0.60</b>	2.40

### Notes to the Financial Statements for the Year Ended 30 June 2017

#### 9. Contingent Liabilities

As at the reporting date, there were no material claims or disputes of a contingent nature against the Company and its subsidiaries.

#### 10. Changes in the composition of the consolidated entity

There were no changes in the composition of the consolidated entity.

#### 11. Related party disclosures

Arrangements with related parties continue in operation and have not changed since the last reporting date.

#### 12. Events subsequent to reporting date

There were no significant events that occurred subsequent to reporting date.

#### 13. Audit

This report is based on financial statements that are in the process of being audited.