PACIFIC STAR NETWORK LIMITED
ABN 20 009 221 630

APPENDIX 4D

Interim Financial Report for half year ended 31 December 2015

Table of Contents

This half year financial report provided to the ASX under Listing Rule 4.2A should be read in conjunction with the Annual Report for the year ended 30 June 2015.

Appendix 4D

Results for announcement to the market

1. Company Details

Name of Entity:	Pacific Star Network Limited
ABN	20 009 221 630
Half Year Ended (current period) Half Year Ended (previous period)	31 December 2015 31 December 2014

2. Results for announcement to the market

		Change %		**31 December 2015 $000's**	31 December 2014 $000's
2.1	Revenues from continuing activities	Up 40%	to	**13,336**	9,539
2.2	EBITDA (underlying)*	Up 29%	to	**2,318**	1,800
2.3	Net profit from ordinary activities before tax attributable to members	Up>100%	to	**1,389**	368
2.4	Net profit from ordinary activities after tax attributable to members	Up>100%	to	**834**	(38)
2.5	Significant expense*	Down>100%	to	**(217)**	(1,224)
2.6	Earnings per Share – basic cents (NPAT)	Up>100%	to	**1.2**	(0.1)
2.7	Earnings per Share – basic (cents)* (underlying EBITDA)	Up 27%	to	**3.3**	2.6

* = Non-AIFRS item

Note:

The information contained in this Appendix, and the attached Half Year Financial Report, do 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 2015 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Appendix 4D cont'd

***2.* Results for announcement to the market cont'd**

2.8 Brief explanation / notes

The reported revenues for the half year increased by 40% to $13.336 million with an underlying EBITDA of $2.318 million and a net profit after tax result of $1.051 million (all before taking account of significant items for the half year – see note 2.9 below).

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

Financial Performance

	31 December 2015 $000's	31 December 2014 $000's
Broadcast revenue	**7,832**	7,619
Publishing revenue	**5,382**	1,790
Other revenue	**122**	130
Revenue from continuing operations	**13,336**	9,539
Underlying EBITDA*	**2,318**	1,800
Depreciation / amortisation	**556**	221
Earnings before interest, tax and significant items*	**1,762**	1,579
Interest received	**16**	47
Interest paid	**(172)**	(34)
Net profit before tax and significant items*	**1,606**	1,592
Income tax	**555**	406
Net profit before significant items*	**1,051**	1,186
Significant items	**217**	1,224
Net profit after tax as reported	**834**	(38)
Dividend per share	**1.35 cents fully franked**	1.25 cents fully franked

* = Non-AIFRS item

Appendix 4D cont'd

2. Results for announcement to the market cont'd

2.9 Significant Items

At reporting date, the company had incurred costs of $216,864 related to restructuring of the business.

These are considered to be one-off costs and are added back to determine underlying EBITDA* for the half year.

Significant costs recognised at the half year include the following:

	$000's
Redundancies / restructuring	159
Consultants fees	43
Other	15
Total	**217**

* = Non-AIFRS item

2.10 Dividends (distributions)

	Amount per security	**Franked amount per security**
Interim dividend declared (Conduit Foreign Income – Nil)	1.35 cents	100%
Previous corresponding period (Conduit Foreign Income – Nil)	1.25 cents	100%

2.11 Record date for determining entitlement date to dividend	14 March 2016

3. Net Tangible Asset (NTA) Backing

	31 December 2015	31 December 2014
Net tangible asset backing per ordinary security	(1.8) cents	(0.4) cents
Net asset backing per ordinary security	26.6 cents	27.8 cents

Appendix 4D cont'd

4. Details of associates and joint venture entities

Name of associate	Reporting entity's percentage holding		Contribution to Net profit / (loss) in $000's	
	31 December 2015 %	31 December 2014 %	**31 December 2015 $000's**	31 December 2014 $000's
Digital Radio Broadcasting Melbourne Pty Ltd	18.2%	18.2%	Nil	(7)

5. Funding

	31 December 2015 $000's	31 December 2014 $000's
Cash	2,476	4,656
Borrowings	(6,000)	(7,000)
Net (Debt) / cash	(3,524)	(2,344)
Total Equity	21,508	21,463
Gearing[1]	20%	12%

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

[1] Net Debt / (Net Debt + Shareholder Funds)

Directors' Report

Dear Shareholder,

The directors of Pacific Star Network Limited, the consolidated entity, submit herewith the financial report for the period ended 31 December 2015.

In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

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

Name	Particulars
Ronald Hall	Appointed Non-Executive Director on 13 February 2002
Andrew Moffat	Appointed Non-Executive Director on 1 September 2004
Gary Pert	Appointed Non-Executive Director on 1 July 2008
Michelle Guthrie	Appointed Non-Executive Director on 1 May 2013
Colm O'Brien	Appointed Non-Executive Director on 10 September 2015

Principal activities

Pacific Star Network Limited is a media company with interests in broadcasting (1116SEN, MyMP, Aussie and Kool) and publishing (frankie, Smith Journal, Spaces, Slow, Surfing Life, White Horses and Inside Football magazine) and digital assets including websites (www.sen.com.au), mobile applications and online media.

The Company's strategy is to create and distribute diverse content for niche target communities across a number of channels.

Operating Result

The Company reports a net profit after tax of $834,113, up >100% on the comparative period (2015: $37,878 loss). The underlying net profit after tax (excluding the impact of significant costs associated with restructuring the business is $1.051 million (2015: $1.186 million).

EBITDA result was $2.101 million, up >100% on the comparative period (2015: $575,625).

Underlying EBITDA (excluding significant costs) was $2.318 million, up 29% on the same period last year (2015: $1.80 million).

Revenue at $13.336 million for the half year was up 40% on the comparative period (2015: $9.539 million).

Operating costs at $11.947 million were 30% up on the comparative period (2015: $9.171 million).

Operating cash flows at $691,913 were down 45% on the comparative period (2015: $1.254 million) and is due to working capital movements, in particular lower payables balances at the half year.

Taxable income for the half year is estimated at $2.715 million and the corresponding income tax expense is estimated at $555,039, resulting in an effective tax rate of 20%.

This tax rate recognises the tax effect of movements in temporary differences. If the impact of these adjustments were excluded the effective tax rate would approximate to 32%.

Directors' Report Cont'd

Operating Result Cont'd

Review of Operations

Financial Performance	Change %	31 December 2015 $'000's	31 December 2014 $'000's
Revenue	Up 40%	**13,336**	9,539
Underlying EBITDA*	Up 29%	**2,318**	1,800
Net profit / (loss) after tax attributed to members	Up>100%	**834**	(38)
Significant expense*	Down>100%	**(217)**	(1,234)
Earnings per share - basic cents (NPAT)	Up>100%	**1.2**	(0.1)
Earnings per share - basic cents (underlying EBITDA)*	Up 27%	**3.3**	2.6

* = Non-AIFRS item

- The company's broadcast business performed in line with budget for the first half generating an underlying EBITDA result of $1.391 million. For the half year, Melbourne radio advertising revenue grew 3.75% to $119.2 million whilst our broadcast business share of revenue was up 2.5% over the same period.
- Our publishing business generated an underlying EBITDA of $1.251 million for the half year. Whilst this result is up 66% on the comparative period, it should be noted that the prior period only includes one month of trading results for this business that was acquired 1 December 2014. It was pleasing to note the strong financial performance of frankie magazine, smith journal and other brand extensions over the period, in what is, a challenging consumer market.
- Operating costs continue to be tightly managed. Early in the financial year, we identified a range of cost savings and these efficiencies will continue to flow through the second half of the financial year.
- The Company paid down $1.0 million of debt in the first half. We will continue to monitor cash flows and the future needs of the business with a view to making further payments to pay down debt.
- In September 2015, we welcomed Colm O'Brien to the Board. Colm brings extensive media and corporate experience and most recently was the Group CEO at Aspermont Limited (ASP) where he oversaw the significant growth in that business.
- In January 2016, your Company announced the appointment of George Papadopoulos as Group CEO.

  With over 20 years direct experience in media and digital transformation, George has a deep understanding of digital landscape, and been involved in large merger/acquisitions, business development and strategy implementation. George has held senior C Level positions with WIN Corporation (CEO), Zillion TV APJ (CEO), JB HiFi (Technology Director), with P&L responsibilities ranging from $100m to $500m; this includes building revenues streams up to 5x original size during his tenures.

Directors' Report Cont'd

Outlook

- The Company has previously reported that it is seeking to increase its investment in media assets and create a larger organisational structure to support growth in the coming years. We envisage that the plan to implement this structure will be formulated over the next few months.
- We foresee a positive outlook for radio sales as we bolster our sales team and brand strategy with a view to optimising cross selling opportunities, across the Group.
- The Company reaffirms its earnings guidance of an underlying EBITDA in the range of $3.8-$4.3 million, for the full financial year.

Dividends

Directors' have declared a fully franked interim dividend of 1.35 cents per share.

Record date for determining entitlements to the dividend is 11 March 2016 and payment date will be 24 March2016.

Rounding of Amounts

Pacific Star Network Limited is of a kind referred to in ASIC Class Order 98/0100, dated 10 July 1998 and in accordance with the Class Order, amounts in the Directors' Report and Financial Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 10 and forms part of the Directors' Report for the half year ended 31 December 2015.

Signed in accordance with a resolution of the Directors'.

Andrew Moffat
Chairman

Melbourne, 26 February 2016

Directors' Declaration

In the opinion of the directors' of Pacific Star Network Limited:

a) the financial statements and notes set out on pages 13 to 23 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 2015, 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 other mandatory professional reporting requirements; and

   (iii) as stated in Note 1, the consolidated financial statements also comply with International Financial Reporting Standards.

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.

Signed in accordance with a resolution of the Directors' made pursuant to section 295(5) of the *Corporations Act 2001.*

On behalf of the Directors'

Andrew Moffat
Chairman

Melbourne, 26 February 2016

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Level 14, 140 William St
Melbourne VIC 3000
GPO Box 5099 Melbourne VIC 3001
Australia

DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF PACIFIC STAR NETWORK LIMITED

As lead auditor of Pacific Star Network Limited for the half year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

2. No contraventions of any applicable code of professional conduct in relation to the review.

David Garvey
Partner

BDO East Coast Partnership

Melbourne, 26 February 2016

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Level 14, 140 William St
Melbourne VIC 3000
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pacific Star Network Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pacific Star Network Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of 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's 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 control as the directors determine is 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pacific Star Network Limited, 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 confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Pacific Star Network Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

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 Pacific Star Network Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO East Coast Partnership

BDO

David Garvey

David Garvey
Partner

Melbourne, 26 February 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half year ended 31 December 2015

	Notes	31 December 2015 $'000's	31 December 2014 $'000's
REVENUE	**2**	**13,336**	9,539
Sales and marketing expenses		**(2,367)**	(1,506)
Occupancy expenses		**(470)**	(334)
Administration expenses		**(2,083)**	(1,601)
Technical expenses		**(3,578)**	(3,073)
Production / creative expenses		**(2,618)**	(1,042)
Acquisition / restructuring costs		**(217)**	(1,224)
Corporate expenses		**(441)**	(351)
Finance costs		**(173)**	(33)
Share of net loss of associate accounted for using the equity method		**-**	(7)
EXPENSES		**(11,947)**	(9,171)
PROFIT BEFORE INCOME TAX		**1,389**	368
Income tax expense	**3**	**(555)**	(406)
PROFIT / (LOSS) FOR THE HALF YEAR AFTER INCOME TAX		**834**	(38)
Other comprehensive income net of tax		**-**	-
COMPREHENSIVE PROFIT / (LOSS) FOR THE HALF YEAR		**834**	(38)
EARNINGS PER SHARE			
Basic (cents per share)	**4**	**1.2**	(0.1)
Diluted (cents per share)	**4**	**1.2**	(0.1)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position
as at 31 December 2015

	Notes	**31 December 2015 $'000's**	30 June 2015 $'000's
CURRENT ASSETS			
Cash and cash equivalents		**2,477**	3,569
Trade and other receivables		**3,945**	4,161
Prepayments		**154**	855
TOTAL CURRENT ASSETS		**6,576**	8,585
NON-CURRENT ASSETS			
Property, plant and equipment		**1,782**	1,909
Deferred tax asset		**37**	-
Receivables from associate		**118**	132
Investments accounted for using the equity method		**147**	147
Intangibles	**5**	**19,922**	20,419
TOTAL NON-CURRENT ASSETS		**22,006**	22,607
TOTAL ASSETS		**28,582**	31,192
CURRENT LIABILITIES			
Trade and other payables		**2,590**	3,848
Income tax		**628**	373
Provisions		**509**	856
TOTAL CURRENT LIABILITIES		**3,727**	5,077
NON-CURRENT LIABILITIES			
Borrowings		**6,000**	7,000
Deferred tax liability		**-**	495
Provisions		**178**	75
TOTAL NON-CURRENT LIABILITIES		**6,178**	7,570
TOTAL LIABILITIES		**9,905**	12,947
NET ASSETS		**18,677**	18,545
EQUITY			
Issued capital		**21,508**	21,463
Share based payment reserve		**684**	696
Accumulated losses		**(3,515)**	(3,614)
TOTAL EQUITY		**18,677**	18,545

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity
for the half year ended 31 December 2015

	Notes	Issued Capital $'000's	Share Based Payment Reserve $'000's	Accumulated Losses $'000's	Total $'000's
TOTAL EQUITY AT 1 JULY 2015		**21,463**	**696**	**(3,614)**	**18,545**
Profit after income tax		**-**	**-**	**834**	**834**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive profit		**-**	**-**	**834**	**834**
Transactions with owners in their capacity as owners					
Share buy-back scheme		**-**	**-**	**-**	**-**
Dividends paid		**-**	**-**	**(735)**	**(735)**
Issue of share capital[2]		**45**	**-**	**-**	**45**
Share based payment expense		**-**	**(12)**	**-**	**(12)**
TOTAL EQUITY AT 31 DECEMBER 2015		**21,508**	**684**	**(3,515)**	**18,677**
TOTAL EQUITY AT 1 JULY 2014		**16,444**	**674**	**(2,185)**	**14,933**
Loss after income tax		**-**	**-**	**(38)**	**(38)**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive loss		**-**	**-**	**(38)**	**(38)**
Transactions with owners in their capacity as owners					
Share buy-back scheme		**(11)**	**-**	**-**	**(11)**
Dividend paid		**-**	**-**	**(477)**	**(477)**
Issue of share capital		**30**	**-**	**-**	**30**
Issue of share capital - Placement[3]		**4,000**	**-**	**-**	**4,000**
Issue of share capital – SPP[4]		**1,000**	**-**	**-**	**1,000**
Share based payment expense		**-**	**13**	**-**	**13**
TOTAL EQUITY AT 31 DECEMBER 2014		**21,463**	**687**	**(2,700)**	**19,450**

The accompanying notes form part of these financial statements

[2] Issued 179,280 ordinary shares for nil consideration under the Company's Exempt Employee Share Plan (EESP) in first half of the financial year.

[3] On 12 December 2014, the company issued 13,333,334 ordinary shares in a placement at 30 cents to raise $4.0 million.

[4] On 18 December 2014, the company issued 3,389,823 ordinary shares in a Share Purchase Plan at 29.5 cents to raise $1.0 million.

Consolidated Statement of Cash Flows
for the half year ended 31 December 2015

	Notes	Inflows / (Outflows) 31 December 2015 $'000's	31 December 2014 $'000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**15,081**	10,946
Payments to suppliers and employees (inclusive of GST)		**(13,588)**	(9,399)
Interest received		**16**	25
Interest and other costs of finance paid		**(200)**	(18)
Income taxes paid		**(616)**	(300)
Net cash provided by operating activities		**693**	1,254
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of Morrison Media business		**-**	(10,930)
Payment for Morrison Media acquisition costs		**-**	(367)
Payment for property, plant and equipment		**(50)**	(276)
Net cash used in investing activities		**(50)**	(11,573)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		**-**	5,000
Proceeds from borrowings		**-**	7,000
Repayment of borrowings		**(1,000)**	(593)
Dividends paid		**(735)**	(477)
Payment for buy back of equity securities		**-**	(11)
Net cash (used in) / provided by financing activities		**(1,735)**	10,919
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,092)**	600
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE HALF YEAR		**3,569**	4,056
CASH AND CASH EQUIVALENTS AT END OF THE HALF YEAR		**2,477**	4,656

The accompanying notes form part of these financial statements

Notes to the Financial Statements
for the half year ended 31 December 2015

1. Summary of significant accounting policies

Basis of Preparation

This general purpose half-year financial report has been prepared by a for-profit entity in accordance with AASB 134 "*Interim Financial Reporting*" and the *Corporations Act 2001.*

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "*Interim Financial Reporting*".

The financial statements are for the consolidated entity, comprising Pacific Star Network Limited ("the Company") and its subsidiaries.

The consolidated financial statements have been prepared under the historical cost convention, except for where applicable, the evaluation of certain non-current assets and financial instruments.

Cost is based on the valuation of consideration given. The accounting policies utilised in preparing the half-year financial report are consistent with those adopted for previous periods, but the half year report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2015 and any public announcements made during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001* and ASX listing rules.

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 half year reporting period.

The application of these standards is not expected to 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 half year ended 31 December 2015

1. Summary of significant accounting policies cont'd

Rounding of Amounts

In accordance with ASIC Class Order 98/100 dated 10 July 1998, amounts shown in the financial report have been rounded off to the nearest thousand dollars.

Fair value measurement of other financial instruments

The Company also 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 the receivables, current payables and borrowings is assumed to approximate to their fair value.

	31 December 2015 $'000's	31 December 2014 $'000's
2. Revenue from continuing operations		
Broadcast revenue	**7,832**	7,619
Publishing revenue	**5,382**	1,790
Interest revenue	**16**	47
Other revenue	**106**	83
Revenue from continuing operations	**13,336**	9,539

3. Income Tax

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

Profit before income tax expense	**1,389**	368
Income tax expense calculated at 30%	**417**	110
Non allowable expenses	**97**	216
Deductible expenses / non assessable income	**-**	(26)
	514	300
Income tax – under provision prior years	**41**	106
Income tax expense	**555**	406

b) Income tax expense

Current tax	**856**	623
Deferred tax	**(301)**	(217)
	555	406

Notes to the Financial Statements
for the half year ended 31 December 2015

4. Earnings Per Share

Weighted average number of ordinary shares on issue for calculation of:	**31 December 2015 000's**	31 December 2014 000's
Basic earnings / (loss) per share	**70,409**	56,193
Diluted earnings / (loss) per share	**70,802**	55,665
	$'000's	$'000's
Profit / (loss) for the half year	**834**	(38)
Basic earnings (cents per share)	**1.2**	(0.1)
Diluted earnings (cents per share)	**1.2**	(0.1)

5. Intangible Assets

Broadcasting CGU		
Radio licences – indefinite useful life	**8,169**	8,169
Patents and trademarks – indefinite useful life	**117**	117
Broadcasting – total	**8,286**	8,286
Publishing CGU		
Mastheads – indefinite useful life	**2,077**	142
Goodwill – indefinite useful life	**7,235**	11,364
Sub-total	**9,312**	11,506
Customer relationships – finite useful life	**2,965**	-
Customer relationships – amortisation	**(641)**	-
Sub-total	**2,324**	-
Publishing – total	**11,636**	11,506
Intangibles – total	**19,922**	9,792

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 (3MP) - $8.286 million; and
- Publishing CGU (publications) Frankie, Smith Journal, Surfing Life, Slow, White Horses and Inside Football - $11.636 million.

Notes to the Financial Statements
for the half year ended 31 December 2015

5. Intangible Assets cont'd

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. The basis for determining the recoverable amount under each option is outlined below.

Directors' have reviewed broadcasting and publishing assets for impairment indicators and have determined that no impairment is required to be made to this class of assets at reporting date.

Value in Use (VIU) for the Broadcast CGU

Value in use is determined by using actual cash flows and extrapolating these for future years.

In respect of radio licences, the key assumptions used for value in use for the current period were:

(i) Net cash flows before tax will grow at an annual rate of 2.1% (2015: 2.1%);

(ii) A pre tax discount rate of 17% is an appropriate weighted cost of capital (2015: 17%).

Value in use is determined by using actual cash flows and extrapolating these out for future years.

Value in Use (VIU) for the Publishing CGU

In respect of mastheads, brands, customer and subscriptions lists and goodwill, the key assumptions used for value in use for the current period were:

(i) Net cash flows before tax will grow at an annual rate of 2.5% (2015: 2.5%);

(ii) A pre tax discount rate of 18% is an appropriate weighted cost of capital (2015: 18%).

Future cash flows for broadcast and publishing intangibles are based on forecasts prepared by management and these forecasts are based on actual operating results. Cash flows beyond the five year period are extrapolated using a revenue growth rate of 2-2.5% which does not exceed the long term average projected growth rate for the CGU business.

Fair Value Less Costs to Sell (FVLCS) for the Broadcasting CGU

Fair value less costs to sell has been determined by reference to an independent valuation report, completed in February 2015.

This valuation adopted the following assumptions:

(i) Use of a primary valuation methodology is appropriate as an input to estimate fair value.

(ii) Using the excess earnings method and comparing EBITDA multiples used with other comparable listed companies and merger / acquisition transactions is a valid approach;

(iii) It is appropriate to include a contributory asset charge in recognition of the economic rent for the use of other assets that contribute to the operating profit of the CGU; and

(iv) Using of a terminal growth rate of 2.1% at the end of the projection period and a post-tax discount rate of 12.5% is appropriate.

Notes to the Financial Statements
for the half year ended 31 December 2015

5. Intangible Assets cont'd

Fair Value Less Costs to Sell (FVLCS) for the Broadcasting CGU cont'd

Directors' consider that this independent report continues to be current and a valid basis for determining the assets fair value. This is due to the fact there have been no transactions in the market which would give rise to directors' concluding that the valuation has varied since last report date.

Following consideration of each of these methodologies, directors' confirm that the valuation of radio licences is at least equal to the recoverable value and no impairment is required to be made to these assets.

Fair Value Less Costs to Sell (FVLCS) for the Publishing CGU

Fair value less costs to sell has been determined by reference to an independent valuation report finalised in November 2015.

This valuation adopted the following assumptions:

(i) Use of an income approach as the primary valuation methodology is appropriate as an input to estimate fair value.

(ii) Use of estimates as to the timing and amount of all expected future cash flows, discounted to a present value at the valuation date by using a discount rate that takes into account the time value of the money and the risk inherent in achievement of the cash flow.

(iii) It is appropriate to assume that customer lists will experience a 20% churn on an annual basis.

(iv) Use of a growth rate of 2.5% is appropriate to project sales over future periods and a pre-tax rate of 18% is appropriate to discount cash flows.

Following consideration of each methodology, directors' confirm that the recoverable value is greater than the carrying amount and no impairment is required to be made to these assets.

6. Equity Securities Issued

Issues of Ordinary Shares during the half year	***31 December 2015***		*31 December 2014*	
	000's	**$'000's**	000's	$'000's
Issuance of shares – EESP	**179**	**45**	111	30
Issuance of shares – Placement	**-**	**-**	13,333	4,000
Issuance of shares – Share Purchase Plan	**-**	**-**	3,390	1,000
	179	**45**	16,834	5,030

Issues (buy backs) of Ordinary Shares during the half year				
Ordinary shares issued (bought back) – number / value	**-**	**-**	50	(11)

Notes to the Financial Statements
for the half year ended 31 December 2015

7. Segment Information

Identification of reportable operating segments

The consolidated entity is organised into two operating segments, broadcasting and publishing.

These operating segments are based on the internal reports that are reviewed and used by the Board (identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources.

The CODM reviews profits / (losses), EBITDA and underlying EBITDA which is EBITDA before one off costs. The underlying EBITDA has been disclosed for the first time this period as the CODM has commenced using this as a measure of segment performance.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements and information reported to CODM is on a monthly basis.

A reconciliation of underlying EBITDA to net profit / (loss) after tax is disclosed in note 2.8 of Appendix 4D.

	31 December 2015 $'000's			31 December 2014 $'000's			Total $000's	
	Broadcasting	**Publishing**	**Head Office**	Broadcasting	Publishing	Head Office	**2015**	2014
Segment Revenues	**7,935**	**5,387**	**14**	7,725	1,791	23	**13,336**	9,539
Segment profit / (losses)	**1,045**	**1,285**	**(941)**	1,233	747	(1,612)	**1,389**	368
Underlying EBITDA*	**1,391**	**1,251**	**(324)**	1,394	751	(345)	**2,318**	1,800
Segment Assets	**13,266**	**4,846**	**11,167**	15,450	1,385	14,783	**29,279**	31,618
Segment Liabilities	**1,778**	**2,627**	**6,197**	1,538	639	9,991	**10,602**	12,168

* = Non-AIFRS item

8. Dividends Paid and Proposed

	31 December 2015 $'000's	31 December 2014 $'000's
Dividends paid / payable were:		
Final dividend paid for the financial year ended 30 June	**874**	477
	874	477
Dividends paid in cash during the half-year were:		
Paid in cash	**735**	477
Final dividend paid in the half year period - cents per share	**1.05**	0.90
Total dividend paid during the half year period	**735**	477
Interim dividend declared for half year – cents per share	**1.35**	1.25

Cash component of franked interim dividend not accrued in the current half year is $946,551.

Notes to the Financial Statements
for the half year ended 31 December 2015

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.