PRIME MEDIA GROUP

APPENDIX 4D

Financial report for the half-year ended 31 December 2019

RESULTS FOR ANNOUNCEMENT TO THE MARKET

All comparisons to the half-year ended 31 December 2018	31 Dec 2019 $'000	31 Dec 2018 $'000	Up/(Down) $'000	Movement %
Total revenue	90,846	97,890	(7,044)	(7.2%)
Earnings before interest, income tax, depreciation and amortisation (EBITDA)	11,533	21,921	(10,388)	(47.4%)
Depreciation and amortisation expenses	(5,119)	(6,850)	(1,731)	(25.3%)
Operating profit	6,276	15,219	(8,943)	(58.8%)
Net tax expense	(1,713)	(4,292)	(2,579)	(60.1%)
Net profit attributable to members	4,461	10,182	(5,721)	(56.2%)

DIVIDEND INFORMATION

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
Final dividend 2019 (paid during current reporting period)	Nil	Nil	Nil
Interim dividend 2020 (not yet paid)	Nil	Nil	Nil

There are no dividend or distribution reinvestment plans in operation.

EARNINGS PER SECURITY (CENTS PER SHARE)

	Current Period	Previous Corresponding Period
Basic EPS	**1.2**	2.8
Basic EPS excluding specific items	**1.2**	2.8
Net tangible assets per security (cents)[1]	**11.8**	7.8

This information should be read in conjunction with the 2019 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 2019.

This report is based on the consolidated financial statements for the half-year ended 31 December 2019 of Prime Media Group Limited and its controlled entities, which have been reviewed by Ernst & Young.

[1] Right-of-use assets have been excluded from Net tangible assets.

Directors' Report

Your directors submit their report for the half-year ended 31 December 2019.

This half-year report includes the results of Prime Media Group Limited ("the Company") and the entities that it controlled during the period ("the Group"). The Group's functional and presentation currency is AUD ($).

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

Peter J. Macourt (Chair) – appointed Chair 19 December 2019
John K. Hartigan (Chair) - retired 19 December 2019
Ian R. Neal
Cass A. O'Connor
Robbie L. Sefton - resigned 13 February 2020
Ian C. Audsley (Chief Executive Officer)

RESULTS FROM OPERATIONS

STATUTORY RESULT

The Group's consolidated profit after tax attributable to the members of Prime Media Group Limited of $4,461,000 declined $5,721,000 or 56.2% on the prior period. This result included one-off non-recurring costs associated with the proposed scheme of arrangement with the Seven Network of $1,525,000. As set out in the table on the following page, the Group's core net profit after tax (non-IFRS measure) and before specific items of $5,541,000 (2018: $10,182,000) declined $4,641,000 or 45.6% on the prior period.

Revenue from contracts with customers of $90,393,000 declined $7,050,000 or 7.2% on the prior period. During the reporting period, the Group maintained a market leading total revenue share of 41.2% in the aggregated regional market of New South Wales and Victoria. The Group's advertising revenue in the aggregated regional market declined 7.8% on the prior period, which was in line with the market decline of 7.2% in the same period.

Cost of sales increased by $2,585,000 or 5.2% on the prior period in accordance with the program supply agreement with the Seven Network.

Total operating expenses of $26,664,000 increased $803,000 or 3.1% on the prior period inclusive of one-off non-recurring costs associated with the proposed scheme of arrangement of $1,525,000. Operating expenses were also impacted by the application of AASB 16 *Leases* during this reporting period. The Group applied the modified retrospective method of adoption for AASB 16 *Leases* from 1 July 2019 (date of initial application), recognising the cumulative retrospective effect of this new standard in this reporting period through the brought forward retained earnings. The change in accounting standard resulted in a decrease in operating expenses on the prior period of $805,000. Employee benefits expense also increased $603,000 or 3.6% on the prior period.

The Group's share of profits from joint ventures that broadcast Nine Entertainment programming in regional Western Australia and Mildura was $182,000.

Depreciation and amortisation expenses decreased by $1,731,000 or 25.3% due to declines in capital expenditure and the impairment of software at 30 June 2019. The application of AASB 16 *Leases* resulted in an additional depreciation charge of $808,000.

Finance costs of $284,000 were $401,000 or 58.5% favourable to the prior period due to lower average interest bearing debt levels. This included $78,000 interest expense arising from the adoption of AASB 16 *Leases*.

Net cash flow from operating activities of $13,453,000 increased $5,604,000 or 71.4% compared to the prior period. During the prior reporting period the Group paid one-off non-recurring transitional spectrum licence fees of $6,215,000. Net cash flow from investing activities associated with capital expenditure on property, plant and equipment also reduced by $1,046,000 on the prior period due to unusually low capital expenditure in this reporting period.

Directors' Report

At 31 December 2019 the Group had net cash of $3,293,000, consisting of cash at bank of $11,181,000 and interest bearing debt from the Group's bank loan facility of $7,888,000. As a result of the introduction of AASB 16 *Leases*, the Group recognised interest bearing lease liabilities of $5,225,000. Net interest-bearing debt after the application of AASB 16 *Leases* was $1,932,000 as at 31 December 2019.

DIVIDEND

The Board once again reviewed the company's ongoing capital requirements and after much discussion, determined not to reinstate the payment of dividends, given the sustained decline in advertising revenue across the sector.

CORE NET PROFIT AFTER TAX

Core net profit after tax (non-IFRS measure) and before specific items of $5,541,000 (2018: $10,182,000) declined $4,641,000 or 45.6% on the prior period.

	CONSOLIDATED	
	31 DEC 2019	31 DEC 2018
	$'000	$'000
Net Profit for the period	**4,461**	10,182
– Redundancies	18	-
– Non-recurring legal and consulting expenses	1,525	-
– Income tax benefit related to specific items	(463)	-
Core net profit before specific items and after tax attributable to members of Prime Media Group Limited	**5,541**	10,182

INTERIM DIVIDEND

No dividends were proposed or paid during this reporting period.

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 directors, Ernst & Young, which is included on page 3.

SUBSEQUENT EVENTS

There were no subsequent events after the reporting date that required disclosure.

C.A. O'Connor
Director

Sydney, 25 February 2020

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

As lead auditor for the review of the financial report of Prime Media Group Limited for the half-year ended 31 December 2019, 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

Michael J Wright
Partner
25 February 2020

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2019

	NOTES	CONSOLIDATED	
		31 DEC 2019	31 DEC 2018
		$'000	$'000
Revenue and other income			
Revenue from contracts with customers		**90,393**	97,443
Interest income		**45**	89
Other income		**408**	358
Total revenue and other income		**90,846**	97,890
Cost of sales		**(52,604)**	(50,019)
Gross profit		**38,242**	47,871
Broadcasting and transmission expenses		**(20,503)**	(20,786)
Administration and marketing expenses		**(6,344)**	(5,016)
Depreciation and amortisation expenses		**(5,119)**	(6,850)
Operating profit		**6,276**	15,219
Finance costs	3(A)	**(284)**	(685)
Share of associate profits/(losses)		**182**	(60)
Profit before income tax		**6,174**	14,474
Income tax expense		**(1,713)**	(4,292)
Net Profit for the half-year		**4,461**	10,182
Total comprehensive income for the half-year		**4,461**	10,182
Profit attributable to the owners of the parent for the half-year		**4,461**	10,182
Basic Earnings per share (cents per share)		**1.2**	2.8
Diluted Earnings per share (cents per share)		**1.2**	2.8

Interim Consolidated Statement of Financial Position

As at 31 December 2019

	NOTES	CONSOLIDATED 31 DEC 2019 $'000	30 JUN 2019 $'000
ASSETS			
Current Assets			
Cash and short term deposits		**11,181**	6,443
Trade and other receivables		**33,917**	37,323
Intangible assets		**3,000**	3,000
Current tax assets		**1,356**	1,594
Prepayments		**3,013**	4,711
		52,467	53,071
Assets classified as held for sale		**645**	645
Total Current Assets		**53,112**	53,716
Non-Current Assets			
Investment in associates		**109**	377
Property, plant and equipment		**20,292**	22,358
Right-of-use assets	5	**5,047**	-
Intangible assets		**7,900**	9,878
Deferred tax assets		**812**	-
Other assets		**423**	501
Total Non-Current Assets		**34,583**	33,114
Total Assets		**87,695**	86,830
LIABILITIES			
Current Liabilities			
Trade and other payables		**10,376**	10,828
Lease liabilities	5	**1,544**	-
Provisions		**4,382**	4,601
Total Current Liabilities		**16,302**	15,429
Non-Current Liabilities			
Interest-bearing loans and borrowings	6	**7,888**	16,000
Lease liabilities	5	**3,681**	-
Provisions		**622**	600
Deferred tax liabilities		**-**	17
Total Non-Current Liabilities		**12,191**	16,617
Total Liabilities		**28,493**	32,046
Net Assets		**59,202**	54,784
EQUITY			
Equity attributable to equity holders of the parent interest			
Contributed equity	7	**310,262**	310,262
Reserves		**3,722**	3,722
Accumulated losses		**(254,782)**	(259,200)
Parent Interests		**59,202**	54,784
Total Equity		**59,202**	54,784

Interim Consolidated Statement of Changes in Equity

As at 31 December 2019

	Issued Capital	Accumulated Losses	Employee Benefits Reserve	Profits Reserve	Total Parent Entity Interest
	$'000	$'000	$'000	$'000	$'000
At 1 July 2019	**310,262**	**(276,263)**	**3,722**	**17,063**	**54,784**
Effect of adoption of AASB 16 (refer note 2)	**-**	**(43)**	**-**	**-**	**(43)**
At 1 July 2019 (restated)	**310,262**	**(276,306)**	**3,722**	**17,063**	**54,741**
Profit for the period	-	4,461	-	-	4,461
Other comprehensive income	-	-	-	-	-
Total comprehensive income and expense for the period	**-**	**4,461**	**-**	**-**	**4,461**
Transactions with equity holders in their capacity as equity holders:					
At 31 December 2019	**310,262**	**(271,845)**	**3,722**	**17,063**	**59,202**

	Issued Capital	Accumulated Losses	Employee Benefits Reserve	Profits Reserve	Total Parent Entity Interest
	$'000	$'000	$'000	$'000	$'000
At 1 July 2018	**310,262**	**(280,466)**	**4,091**	**14,265**	**48,152**
Effect of adoption of AASB 9 and 15	**-**	**(348)**	**-**	**-**	**(348)**
At 1 July 2018 (restated)	**310,262**	**(280,814)**	**4,091**	**14,265**	**47,804**
Profit for the period	-	10,182	-	-	10,182
Other comprehensive income	-	-	-	-	-
Total comprehensive income and expense for the period	**-**	**10,182**	**-**	**-**	**10,182**
Transactions with equity holders in their capacity as equity holders:					
Exercise of performance rights	**-**	**-**	**(195)**	**-**	**(195)**
Share based payments (credit)/expense	**-**	**-**	**(174)**	**-**	**(174)**
Dividends on ordinary shares	-	-	-	-	-
At 31 December 2018	**310,262**	**(270,632)**	**3,722**	**14,265**	**57,617**

Interim Consolidated Statement of Cash Flows

Half-Year Ended 31 December 2019

	Notes	Consolidated	
		31 DEC 2019	31 DEC 2018
		$'000	$'000
OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**104,026**	107,770
Payments to suppliers and employees (inclusive of GST)		**(87,988)**	(95,800)
Interest received		**47**	89
Interest paid		**(287)**	(507)
Income tax paid		**(2,345)**	(3,703)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**13,453**	7,849
INVESTING ACTIVITIES			
Purchase of property, plant & equipment and intangible assets		**(278)**	(1,324)
Purchase of program rights		**-**	(15,000)
Loan funds received from to related entities		**450**	850
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**172**	(15,474)
FINANCING ACTIVITIES			
Proceeds from borrowings		**18,000**	63,000
Repayments of borrowings		**(26,000)**	(59,000)
Payment of lease liabilities		**(769)**	-
Debt facility establishment fees		**(120)**	-
Share based payments – performance rights exercised		**-**	(195)
NET CASH FLOWS (USED)/FROM IN FINANCING ACTIVITIES		**(8,889)**	3,805
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS		**4,738**	(3,820)
Cash and cash equivalents at beginning of period		**6,443**	10,903
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**11,181**	7,083

Notes to the Financial Statements

For the Half-Year Ended 31 December 2019

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 2019 was authorised for issue in accordance with a resolution of the directors on 25 February 2020.

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 CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

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 2019 and any public announcements made by the Company during the half-year ended 31 December 2019.

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

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the half-year consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019, except for the adoption of new accounting standards effective as of 1 July 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, AASB 16 *Leases* and IFRIC 23 *Uncertainty Over Income Tax Treatments*. As required by AASB 134, the nature and effect of this change is disclosed below.

Several other amendments and interpretations apply for the first time from 1 July 2019, but do not have material impact on the half-year consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

AASB 16 *Leases*

AASB 16 *Leases* supersedes AASB 117 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under AASB 16 *Leases* is substantially unchanged from AASB 117 *Leases*. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117 *Leases*. Therefore, AASB 16 *Leases* does not have a material impact for leases where the Group is the lessor.

The Group adopted AASB 16 *Leases* using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 July 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying AASB 117 *Leases* and IFRIC 4 at the date of initial application.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The effect of adoption of AASB 16 *Leases* as at 1 July 2019 (increase/(decrease)) is as follows:

	1 JULY 2019 $'000
ASSETS	
Right-of-use assets	**5,256**
Prepayments	**(3)**
Total Assets	**5,253**
LIABILITIES	
Lease liabilities	**5,394**
Deferred tax liabilities	**41**
Trade and other payables	**(139)**
Total Liabilities	**5,296**
Total adjustment on equity:	
Accumulated losses	43
Total Equity	**43**

a) **Nature of the effect of adoption of AASB 16 *Leases***

The Group has lease contracts for various office buildings, transmission sites, motor vehicles and other equipment. Before the adoption of AASB 16 *Leases*, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to the 30 June 2019 annual report for the Group's former policy under AASB 117 *Leases*.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for all leases were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the short-term lease exemption to leases with lease term that ends within 12 months of the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 July 2019:
- 'Right-of-use assets' of $5,256,000 were recognised and presented separately in the statement of financial position.
- Lease liabilities of $5,394,000 were recognised and presented separately in the statement of financial position.
- 'Prepayments' of $3,000 and 'Trade and other payables' of $139,000 related to previous operating leases were derecognised.
- 'Deferred tax liabilities' increased by $41,000 because of the deferred tax impact of the changes in recognised lease related assets and liabilities.
- 'Accumulated losses' increased due to the net impact of these adjustments.

Lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019, as follows:

	$'000
Operating lease commitments as at 30 June 2019	**22,745**
Weighted average incremental borrowing rate as at 1 July 2019	**2.96%**
Discounted operating lease commitments as at 1 July 2019	**20,946**
Less:	
Commitments relating to short-term leases	**(524)**
Commitments relating to agreements that do not satisfy all the requirements of AASB 16 *Leases*[2]	**(16,071)**
Add:	
Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	**1,043**
Lease liabilities as at 1 July 2019	**5,394**

[2] This represents service arrangements in relation to transmission agreements which were included as commitments in the financial statements at 30 June 2019 that have been assessed under AASB 16 *Leases* as not being a lease.

b) **Summary of new accounting policies**

Set out below are the new accounting policies of the Group upon adoption of AASB 16 *Leases*:

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (below $5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 12 *Income Taxes*. It does not apply to taxes or levies outside the scope of AASB 12 *Income Taxes*, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group did not identify any uncertain tax positions. The Interpretation did not have an impact on the consolidated financial statements of the Group.

3. EXPENSES

	CONSOLIDATED	
	31 DEC 2019	**31 DEC 2018**
	$'000	**$'000**
(A) FINANCE COSTS		
Interest on debt and borrowings	**206**	685
Interest on lease liabilities (Note 5)	**78**	-
	284	685
(B) EMPLOYEE BENEFIT EXPENSE		
Wages and salaries	**15,949**	15,495
Redundancy expense	**18**	-
Superannuation expense	**1,256**	1,241
Share-based payments release	**-**	(174)
Other employee benefits expense	**218**	276
	17,441	16,838
(C) OTHER EXPENSES		
Bad and expected credit losses and credit notes – trade debtors	**4**	160

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 a program supply 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.

5. LEASES

Group as a lessee

The Group has lease contracts for various office buildings, transmission sites, motor vehicles and other equipment used in its operations. Leases of property and sites generally have lease terms between 3 and 15 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	TOTAL
	$'000
Cost	
As at 30 June 2019	-
AASB 16 transition adjustment	5,256
As at 1 July 2019	5,256
Additions	599
Disposals	-
Depreciation	(808)
As at 31 December 2019	**5,047**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

At 30 June 2019	-
AASB 16 transition adjustment	5,394
As at 1 July 2019	5,394
Additions	599
Accretion of interest	78
Payments	(846)
At 31 December 2019	**5,225**
Total Current	1,544
Total Non-Current	3,681

Notes to the Financial Statements

For the Half-Year Ended 31 December 2019

6. INTEREST BEARING LOANS AND BORROWINGS

	31 DEC 2019 $'000	30 JUN 2019 $'000
Non-current		
$30 million secured bank loan facility (Jun 2019: $30 million)	**7,888**	16,000
	7,888	16,000

7. CONTRIBUTED EQUITY

(A) ISSUED AND PAID UP CAPITAL

	CONSOLIDATED	
	31 DEC 2019 $'000	30 JUN 2019 $'000
Ordinary shares fully paid		
366,330,303 shares (June 2019: 366,330,303 shares)	**310,262**	310,262

8. RELATED PARTIES

Seven West Media Limited, Seven Network (Operations) Limited and associated entities ('Seven Network')

On 19 December 2019 the Seven Network became a related party having acquired 14.9% of the issued capital of Prime Media Group Limited. On 1 July 2018 the Company entered into 5 year program supply agreement with the Seven Network under normal commercial terms and conditions. Prime also provides sales representation services to the Seven Network in regional Queensland on normal commercial terms.

WIN Corporation Pty Limited and associated entities ('WIN')

Bruce Gordon, Judith Gordon, Birketu Pty Limited and WIN have registered a substantial shareholder notice in the Company. The Company has entered into transmission facility sharing agreements with WIN under normal commercial terms and conditions with this company for periods up to 10 years.

WA SatCo Pty Limited ('WA Satco')

WA SatCo is a joint venture with WIN that has been engaged by the Commonwealth Government to provide the WA Vast Service until 30 June 2020. The shareholders of the company provide services to WA SatCo to enable its operations.

Broadcast Transmission Services Pty Limited ('BTS')

BTS is a joint venture with WIN that provides transmission maintenance, site installation and management services to regional broadcasters and other third party customers. The Company entered into a contract with BTS for the provision of site maintenance services for the period to 2023.

RBA Holdings Pty Limited

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

Regional TAM Pty Limited

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

9. COMMITMENTS

At 31 December 2019, the Group had capital commitments of $451,000 (June 2019: $250,000). The majority of the capital commitments relate to the acquisition of broadcast and computer hardware and software.

10. SUBSEQUENT EVENTS

There were no subsequent events after the reporting date that required disclosure.

Directors' Declaration

For the Half-Year Ended 31 December 2019

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 2019 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 2019 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

C.A. O'Connor
Director

Sydney, 25 February 2020

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Independent Auditor's Review Report to the Members of Prime Media Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Prime Media Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with:

a) the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial 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) the ASX Listing Rules as they relate to Appendix 4D.

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 complies with the ASX Listing Rules as they relate to Appendix 4D. The directors are also responsible 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, anything has come to our attention that causes us to 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 Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of the Group, 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.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Michael J Wright
Partner
Sydney
25 February 2020