Corporate Directory

PACIFIC STAR NETWORK LIMITED
ABN 20 009 221 630

Directors

Craig Coleman (Chairman)
Colm O'Brien
Andrew Moffat
Craig Hutchison
Chris Giannopoulos
Ronald Hall (alternate)

Company Secretary

Jodie Simm

Registered Office

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SOUTHBANK VIC 3006

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Share Registry

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ABBOTSFORD VIC 3067

Telephone: 1300 137 328
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Stock Exchange Listing

Pacific Star Network Limited ordinary shares are quoted on the Australian Securities Exchange (ASX code: PNW)

Annual General Meeting

Annual General Meeting will be held on Tuesday 24 November at 3.00pm.

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Directors' Report

The directors of Pacific Star Network Limited, the consolidated entity, submit herewith the financial report for the year ended 30 June 2020.

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
Craig Coleman	Appointed Non-Executive Director and Chairman on 15 November 2017
Colm O'Brien	Appointed Non-Executive Director on 8 September 2015
Andrew Moffat	Appointed Non-Executive Director on 15 November 2017
Craig Hutchison	Appointed Chief Executive Officer & Managing Director on 29 March 2018
Chris Giannopoulos	Appointed Executive Director on 29 March 2018
Ronald Hall	Appointed as an alternative Non-Executive Director on 18 November 2017 (alternative to Andrew Moffat)

Current Directors

The biographies for current directors are detailed below:

Mr Craig Coleman

Chairman and Non-Executive Director (BComm)

Mr Coleman is co-founder and Managing Partner of Viburnum Funds Pty Ltd, a private and public equities fund manager. Previously, he was Managing Director and a Non-Executive Director of Home Building Society Limited. Prior to joining Home Building Society, Mr Coleman held a number of senior executive positions and directorships with ANZ, including Managing Director - Banking Products, Managing Director - Wealth Management and Non-Executive Director of Etrade Australia Limited.

Mr Coleman is also currently a Director of Bell Financial Group Limited and Universal Biosensors Inc.

Mr Colm O'Brien

Non-Executive Director (BCL (Hons), UCC, AICD)

Mr O'Brien has over 20 years' experience at executive level, including ten years as CEO with ASX-listed media company Aspermont Limited, where he developed a digitally led global resources media business. In addition to his media industry experience, Mr O'Brien has worked in international financial services, tier one management consultancy at Andersen Consulting (Accenture) and Barclays Bank Plc.

Mr O'Brien is a founding director of Carrington Partners, a specialised management consultancy business focused on Board and Executive level practical advice across a broad range of industries and is also a non-executive director of Serpentine Technologies.

Mr Andrew Moffat

Non-Executive Director

Mr Moffat has in excess of 24 years of corporate and investment banking experience, including serving as a director of Equity Capital markets and Advisory for BNP Paribas Equities (Australia) Limited.

Mr Moffat is the sole principal of Cowoso Capital Pty Ltd, a company providing corporate advisory services and is also a non-executive Director of 360 Capital Group Limited, ICP Funding Pty Ltd and was previously Chairman of PNW.

Mr Ronald Hall

Non-Executive Director

Mr Hall is the founder and promoter of a number of successful Melbourne-based retail businesses. Mr Hall has been a long-time supporter of radio for marketing his products.

Directors' Report

Current Directors cont'd

Mr Craig Hutchison

Chief Executive Officer & Managing Director

Mr Hutchison started out with the Herald Sun newspaper in 1994. After a successful career in papers he moved to radio. Mr Hutchison transitioned into television in 1997, reporting for Channel 10, then Channel 7, establishing himself as one of the AFL's greatest news-breakers. He has co-hosted Nine's popular Footy Classified for the past 13 seasons.

During his previous journalism career, Mr Hutchison won many awards, including journalism's highest honour, the prestigious Walkley Award, and a Quill Award. He has also won the Australian Football Media Association Award for Best Electronic Reporter 11 times.

Mr Hutchison co-founded Crocmedia in 2006, which has grown to become a key player in the AFL landscape under his leadership.

Mr Chris Giannopoulos

Executive Director

Mr Giannopoulos was Director of Client Management and New Business Development at IMG for 14 years before he joined Crocmedia in March 2011. He has extensive media contacts and strong negotiation skills and is focusing on live sports rights acquisitions, building Crocmedia's distribution partnerships and syndication business along with overseeing Bravo Talent Management and its expansion.

Information on Company Secretary

Ms Jodie Simm (CA)

Company Secretary

Ms Simm has had 10 years' experience working with Deloitte Growth Solutions as a Client Director consulting to SME's regarding all tax, business and accounting issues before working with Crocmedia since 2007.

Ms Simm is a member of the Institute of Chartered Accountants and has a Bachelor of Economics.

Directorship of other Listed Companies

Directorships of other listed companies held by directors in the three years preceding the end of the financial year are as follows:

Craig Coleman:	Universal Biosensors Inc – Chairman
	Bell Financial Group Limited – Non-Executive Director
	Pulse Health Limited – Non-Executive Director
	Rubik Financial Limited – Chairman
Colm O'Brien:	K-TIG Limited (formerly Serpentine Technologies Limited) – Non-Executive Director
	Aspermont Limited – Non-Executive Director
Andrew Moffat:	360 Capital Group Limited – Non-Executive Director
	Keybridge Capital Limited – Chairman
	Rubik Financial Limited – Non-Executive Director

Principal Activities

Pacific Star Network Limited is a sports media content and entertainment business, which through its other complementary business units, has capabilities to deliver brand stories to national, metropolitan and regional audiences with unique and exclusive content via multiple platforms including radio, print, television, online, in-stadium and events.

Directors' Report

Review of Operations

Review of financial results

- For the year ended 30 June 2020, the Group delivered a satisfactory financial result in difficult circumstances surrounding the severe economic impact of the COVID-19 pandemic. Total revenue from continuing operations of $66.785 in line with the comparative period, and underlying EBITDA from ordinary activities at $6.107 million down 32% on the comparative period.

  Underlying results exclude once-off significant costs of $5.249 million associated with the impairment of the goodwill within the Broadcasting & Media CGU, termination of the broadcast rights and supplier relationship intangibles, and the transactional costs in relation to business acquisitions, and the narrowband radio licences.

- The Group's year ended 30 June 2020 results reflect the adoption of the new Accounting Standard AASB 16 *Leases*. The Group has adopted AASB 16 using the modified retrospective approach and, as a result, prior period comparatives have not been restated. The Group's underlying EBITDA for the year pre application of AASB16 was $4.495 million, down by 50% on the comparative period.

- The Group's "Whole of Sport" strategy is primarily focused on generating revenue from live sporting events. The COVID-19 pandemic has resulted in:

  - the cancellation and postponement of live sporting events;
  - restrictions on event gatherings including crowds at live sporting events; and
  - commercial impacts to advertisers, which has resulted in reduced advertising spend.

  There is significant uncertainty as to the ongoing disruption of sporting seasons, the lifting of restrictions on event gatherings and the ongoing impact on advertisers.

  In response to the COVID-19 pandemic, the Group has taken the following steps:

  - successfully negotiated a $13.500 million increase to its existing $15.100 million debt facility to replenish and support near term working capital requirements. The combined $28.600 million debt facilities expire on 31 August 2021. Due to the impacts of COVID-19, the Group was also granted temporary relief from its financial covenant undertakings until 31 March 2021;
  - reduced its workforce by 65% across all business units (including talent), agreed pay reductions, reductions in hours and use of leave balances with employees, and also obtained assistance under the Federal Government JobKeeper scheme;
  - significantly reduced capital expenditure plans by 60% to facilitate the rollout of SENTrack and scaled back fit outs of new Brisbane and Sydney offices and radio studios;
  - reached agreements with key suppliers and commercial partners regarding fair compensation for contracted costs not able to be currently serviced, which include discounts, payment deferrals and in some cases, termination of the contract. These variations to agreements are positive but not material to the 30 June 2020 financial year earnings;
  - reached agreements with landlords for various forms of rent relief, including discounts and payment deferrals. These variations to lease agreements are positive but not material to 30 June 2020 financial year earnings; and
  - achieved pro-rata production costs savings and ongoing cost reductions (e.g. travel and talent) relating to live sport broadcasts upon resumption of the NRL and AFL seasons. These reductions are positive but not material to 30 June 2020 financial year earnings.

The Group is continuing to monitor the impact of the COVID-19 pandemic on its business and identify opportunities for operational long-term cost efficiencies.

Acquisitions completed during the financial year ended 30 June 2020

- On 2 July 2019, the Group signed an agreement to acquire 23 narrowband area radio licences for total cash consideration of $7.375 million, with $0.550 million paid in December 2018, and the remaining $6.825 million paid in July 2019 on completion.

  The licences will transform the Group's radio platform ownership, significantly expanding its radio audience reach providing opportunity to leverage its extensive content portfolio. The licences cover several regional radio markets as well as Brisbane, Adelaide, Sydney, Perth, Hobart, Darwin, Alice Springs and Gold Coast.

Directors' Report

Review of Operations

Acquisitions completed during the financial year ended 30 June 2020 cont'd

- On 19 July 2019, the Group acquired 100% of Rapid TV Pty Ltd and Rapid TV Broadcast Pty Ltd for a cash consideration of $2.223 million, deferred contingent consideration of up to $0.400 million in cash and an issuance of 600,000 performance rights to acquire the fully paid ordinary shares in the Companies. Both the deferred contingent consideration and the exercising of the performance rights are subject to the achievement of performance targets during the first twelve months following acquisition, and a service period of 24 months.

  Rapid TV provides live satellite and internet-based vision transfer services through state-of-the-art facilities in Australia, and internationally and will integrate seamlessly with the Group's Rainmaker division providing dedicated television production services to both broadcasters and brands, including production, filming, editing, talent sourcing and delivery.

- On 21 August 2019, the Group completed the acquisition of 100% of the business assets in Precision Talent Management Pty Ltd for a total consideration of $1.000 million. The purchase price was funded through 50% cash and 50% PNW scrip.

  Precision aligns with the Group's 'Whole of Sport' offering, representing over 80 past and present AFL and AFLW players and coaches, cricketers and other media talent.

- On 20 January 2020, the Group completed the acquisition of 100% of the business assets in Lifestyle1 publishing business for a total cash consideration of $0.080 million, with $0.046 million paid in December 2019, and the balance paid upon completion.

  The acquisition of Lifestyle1 will complement the launch of the SEN Mount Gambier radio station and provide opportunities to leverage PNW's national sales team, broadcast rights and content portfolio.

- On 1 May 2020, the Group completed the acquisition of 100% of the business assets in the Spirit 621AM Bunbury business for a total cash consideration of $3.220 million, net of purchase price adjustments.

  The Bunbury and South West area, into which Spirit broadcasts, represents the largest population in Western Australia outside of Perth. The region contains an extensive selection of commercial and community enterprises. The acquisition of Spirit aligns with PNW's radio-led content distribution strategies, expands the Group's owned radio platforms and mass audience reach, and provides opportunities to leverage PNW's national sales team, broadcast rights and content portfolio.

JobKeeper Payment

As part of its response to COVID-19, in March 2020 the Australian Government announced various stimulus measures resulting from the economic fallout from the Coronavirus lockdowns and restrictions. One such stimulus measure was the payment of subsidies to qualifying employers under the JobKeeper Payment scheme ("JobKeeper"). The initial JobKeeper payments are a wage subsidy whereby employers who qualify for the stimulus receive $1,500 per fortnight for each eligible employee who was employed by the Group during the period April 2020 to September 2020.

The Group has determined that it is eligible to receive the initial JobKeeper payments, which totalled $1.620 million in the period to 30 June 2020.

On 21 July 2020, the Australian Government announced an extension of JobKeeper to 28 March 2021 at lower rates. Qualification for the extension scheme is dependent on future events, therefore the Group is unable to determine whether it will qualify for further payments beyond 27 September 2020.

Significant Changes in the State of Affairs

In June 2020, the Group extended its existing $15.100 million debt facility with its existing financier. The facility provides an additional $13.500 million of debt funding predominantly for working capital purposes. As of the date of this report, all $13.500 has yet to be utilised.

Other than the matters referred to above, in the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2020.

Dividends

In light of the difficult circumstances surrounding the COVID-19 pandemic, the Directors' have taken the decision to not pay a final dividend.

The Directors' have formed the view that this will assist the Group to continue to strengthen working capital during the ongoing financial impact caused by the COVID-19 pandemic.

Directors' Report

Events since the end of the Financial Year

Notwithstanding the severe economic impact of COVID-19, the Group have pleasingly been able to proceed with our strategic plan and have completed the following acquisitions:

Acquisition of 2CH

On 1 July 2020, the Group acquired 100% of the shares in EON 2CH Pty Ltd (EON), for a cash consideration of $5.000 million upon completion on 1 July 2020, and a scrip consideration of $2.780 million in fully paid ordinary shares in the Company.

EON is the owner of all the shares in the licensee of the 2CH 1170AM radio broadcasting licences in Sydney, NSW. 2CH operates a music broadcast format with 3.8% audience share in metropolitan Sydney, NSW, Australia's largest radio advertising market. The acquisition expands the Group's owned radio platform and audience reach into Sydney.

Acquisition of radio licences

On 1 July 2020, the Group acquired three narrowband area radio licences for a cash consideration of $1.600 million upon completion on 1 July 2020, deferred consideration of $4.893 million in cash payable over eight quarterly instalments, with the final instalment payable on 1 July 2022.

The narrowband radio licences acquired are 1539AM Sydney, 1593AM Melbourne and 90.7FM Darwin, and will form part of SENTrack, Australia's first independent racing harness and greyhound radio racing service launched in March 2020.

The acquisition expands the Group's radio-led content distribution strategies, expands the Group's owned radio platforms and mass audience reach, and provides opportunities to leverage PNW's national sales team, broadcast rights and content portfolio.

Disposal of 1377AM radio licence

On 16 July 2020, the Group completed the disposal of the 1377AM Melbourne radio broadcasting licence for a cash consideration of $4.478 million.

Fully Underwritten Non-Renounceable Entitlement Offer

In July 2020, the Group successfully completed a fully underwritten pro-rata non-renounceable entitlement offer ("Entitlement Offer") to eligible shareholders. The Entitlement Offer successfully issued 6,782,331 ordinary shares at $0.225 per share, raising $1.526 million in funds (before equity raising costs).

Likely Developments and Expected Results of Operations

Certain information regarding likely developments in the operations of the Group in future financial years is set out above or elsewhere in the Financial Report. The disclosure of other information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group or any entity that is part of the Group. Accordingly, the directors have chosen not to disclose this information in this report.

Auditors

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Compliance with National Greenhouse & Energy Reporting (NGER) Act

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Indemnification of Officers and Auditors

During the financial year, premiums were paid to insure Directors and Officers against liabilities and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as an officer, other than conduct involving a wilful breach of duty in relation to the Company.

The amount of the premium is not disclosed under the terms and conditions of the policy.

As at the date of this report, no amounts have been claimed or paid in respect of this indemnity, other than the premium referred to above. During or since the financial period, the Company has not indemnified or made a relevant agreement to indemnify the auditor against a liability incurred as auditor.

Directors' Report

Shares and Options granted to Executives and Employees

Shares under option

Key Management Personnel (KMP) have been granted options over ordinary shares that can be exercised at future dates. If all performance conditions were met during the term, up to 5,137,625 options could be exercised as long-term incentives (LTI) for nil consideration.

Unissued ordinary shares of Pacific Star Network Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
29 Mar 18	30 Sep 20 [1]	Nil	1,598,372
29 Mar 18	30 Sep 21 [1]	Nil	1,598,372
29 Mar 18	30 Sep 22 [1]	Nil	1,598,373
6 Aug 18	30 Sep 20 [1]	Nil	171,254
6 Aug 18	30 Sep 21 [1]	Nil	171,254
6 Aug 18	30 Sep 22 [1]	Nil	171,255
4 Nov 18	30 Sep 20 [1]	Nil	114,169
4 Nov 18	30 Sep 21 [1]	Nil	114,169
4 Nov 18	30 Sep 22 [1]	Nil	114,170
4 Apr 19	28 Jan 21 [1]	Nil	200,000
17 Jul 19	17 Jul 22 [1]	Nil	600,000
			6,451,388

[1] The expiry date of these options is as per the vesting conditions outlined on pages 11-12.

Shares issued on the exercise of options

During the period, 100,000 ordinary shares were issued on the exercise of 100,000 options for nil consideration. For further information about options issued to KMP refer to pages 15 of the Remuneration Report.

The relevant interests of current directors' shares in the Company or a related body corporate as at the date of this report are as follows:

Directors	No. of Fully Paid Ordinary Shares
Andrew Moffat	3,002,700
Chris Giannopoulos	8,845,980
Colm O'Brien	301,209
Craig Coleman [1]	49,913,497
Craig Hutchison	49,410,736
Ronald Hall	20,109,998
Total	**131,584,120**

[1] Includes 49,263,497 shares held by Viburnum Funds Pty Ltd.

Directors' Report

Meetings of Directors

The table below sets out the number of board meetings held during the year and the number of meetings attended by each director. For the reporting period, 16 board meetings were held.

Directors	Eligible to attend [1]	Attended
Craig Coleman	16	16
Colm O'Brien	16	15
Andrew Moffat	16	15
Craig Hutchison	16	15
Chris Giannopoulos	16	16
Ron Hall [2]	-	-

[1] Board meetings were originally scheduled during the year. Additional meetings were held to monitor the Group's financial and operational performance under the impact of the COVID-19 pandemic and the associated government restrictions.

[2] As an alternate non-executive director, Ron is only required to attend Meetings of Directors where another non-executive director is unavailable.

Remuneration Report (Audited)

This Remuneration Report, which has been audited, outlines director and executive remuneration arrangements in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this report, Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the business, directly or indirectly, as an executive.

Key Management Personnel disclosed in this report

Directors	Position	Period
Craig Coleman	Non-Executive Director and Chairman	Full year
Colm O'Brien	Non-Executive Director	Full year
Andrew Moffat	Non-Executive Director	Full year
Ronald Hall	Non-Executive Director / Alternative Director	Full year
Craig Hutchison	Chief Executive Officer and Executive Director	Full year
Chris Giannopoulos	Executive Director	Full year

Other Key Management Personnel	Position	Period
Jodie Simm	Company Secretary / Chief Operating Officer	Full year
Richard Simkiss	Group Business Director	Full year
Sam Bingley [1]	Chief Commercial Officer	1 July 2019 to 1 April 2020
Tim Cleary [2]	Chief Content Officer	1 July 2019 to 17 June 2020

[1] S Bingley ceased employment and his role as a KMP on 1 April 2020.

[2] T Cleary resigned on 17 June 2020. It has been determined that he has also ceased to be a KMP from the date of his resignation.

Directors' Report
Remuneration Report (Audited)

Principles used to determine the nature and amount of remuneration

The principal objective is to ensure that rewards paid for performance are competitive and are commensurate with the results achieved.

The guiding principles for developing executive remuneration are:

- Remuneration should include an appropriate mix of fixed and performance-based variable pay components;
- The various components of remuneration should be understandable, transparent and easy to communicate; and
- Remuneration practices should be acceptable to internal and external stakeholders.

In approving budgets, the Board sets out to link remuneration policies with financial performance.

Use of remuneration consultants

Directors have not engaged the services of remuneration consultants during the reporting period.

Relationship between remuneration and the Company's financial performance

Financial Performance - $'000's	**2020**	2019	2018	2017	2016
Profit/(loss) for year before tax attributable to owners	**(5,293)**	5,375	(2,528)	(6,732)	1,429
Profit/(loss) for year after tax attributable to owners	**(4,360)**	3,452	(2,919)	(7,341)	1,093
Basic earnings/(loss) per share (cents)	**(2.13)**	1.70	(2.8)	(10.1)	1.5
Dividends per share (cents)	**-**	-	-	0.6	2.4
Dividend payments ($'000s)	**-**	-	-	1,172	1,681
Dividend payout ratio – underlying earnings (%)	**-**	-	-	101%	99%
Share price at year end (A$)	**0.28**	0.31	0.33	0.25	0.18
KMP incentives as % of profit/(loss) after tax for the year [1]	**2%**	23%	5%	1%	7%

[1] KMP incentives are short / long-term incentives per the Remuneration Report.

In accordance with best practice corporate governance, the structure of non-executive Director and other KMP remuneration is separate and distinct.

Non-executive directors are remunerated with fees within the aggregate limit approved by shareholders. Each non-executive director receives a fixed fee for being a director.

Directors' remuneration for the period ending 30 June 2020 is detailed on page 13 and 14.

Directors are remunerated for providing additional services based on market rates and the range of skills and experience they bring to the Company.

The Company rewards executives with a mix of remuneration commensurate with their position and responsibilities, and remuneration structures are reviewed regularly to ensure that:

- remuneration is competitive by market standards;
- rewards are linked to strategic goals and performance; and
- accountabilities and deliverables are clearly defined to minimise potential conflicts of interest and promote effective decision-making.

Directors' Report

Remuneration Report (Audited)

Relationship between remuneration and the Company's financial performance cont'd

Total remuneration is made up of the following elements:

- fixed remuneration;
- short-term incentives (STIs); and
- long-term incentives (LTIs).

Fixed remuneration is determined to provide a base level of remuneration appropriate to the position that is competitive and takes account of each individual's experience, qualifications, capabilities and responsibilities. It is benchmarked to ensure that remuneration is competitive with the market.

KMP receive fixed remuneration in cash. This remuneration is detailed on page 13 and 14.

STIs are based on achieving Key Performance Indicators (KPIs) that focus participants on achieving personal and business goals that create sustainable shareholder value. STI payments primarily relate to sales-based commissions linked to actual performance in a financial year.

STI arrangements are such that there are no maximum or forfeited commission amounts.

STIs are dependent on achieving KPIs linked to key business drivers. STIs include financial incentives to employees for achieving or exceeding monthly, quarterly and annual targets.

The senior management team is responsible for assessing the performance of individuals against KPIs on a periodic basis, and they have the discretion to recommend other STIs over and above target amounts. The senior management team presents recommendations to the full board for approval.

A total of 1,541,288 options were forfeited during the year when the vesting employment service period was not met by the holder through the result of termination of employment.

Options are exercisable into an equivalent number of escrowed ordinary shares. A condition of exercising options is that the recipient is restricted from dealing in those shares during the escrow period. Details of options granted are disclosed on page 15 to 17. The table below summarises the performance and vesting conditions for options that may be exercised under the LTI plan, as at the date of this report.

The performance conditions required to be achieved by KMP vary depending on the responsibilities and accountabilities of each individual KMP

Series	Issued	Vesting timing	Vesting conditions [1]
Issue 12	29 Mar 18	Subject to achieving KPI's, options vest on issue date of financial statements in respect of the Testing Date – 30 June 2019	Tranche 1 – Performance Hurdle LTM EBITDA of $10.4m subject to certain adjustments as approved by the Board. If vesting conditions are not met, 50% of Tranche 1 eligible rights will be rolled into the future and tested against vesting conditions for Tranche 2 and 50% of Tranche 1 eligible rights will be rolled into the future and tested against vesting conditions for Tranche 3.
Issue 13	29 Mar 18	Subject to achieving KPI's, options vest on issue date of financial statements in respect of the Testing Date – 30 June 2020	Tranche 2 – Performance Hurdle Budgeted EBITDA approved by the Board for the financial year ending 30 June 2020. 50% of Tranche 2 eligible rights will be rolled into the future and tested against vesting conditions for Tranche 3 excluding those rolled from Tranche 1 and 50% of Tranche 2 eligible rights will be rolled into the future and tested on 30 June 2021 but will have a Performance Hurdle of the Budgeted EBITDA approved by the Board for the financial year ending 30 June 2021.

Directors' Report

Remuneration Report (Audited)

Relationship between remuneration and the Company's financial performance cont'd

Series	Issued	Vesting timing	Vesting conditions [1]
Issue 14	29 Mar 18	Subject to achieving KPI's, options vest on issue date of financial statements in respect of the Testing Date – 30 June 2021	Tranche 3 – Performance Hurdle Budgeted EBITDA approved by the Board for the financial year ending 30 June 2021.
Issue 16	4 Nov 18	Subject to achieving KPI's, options vest on issue date of financial statements in respect of the Testing Date – 30 June 2019	Tranche 1 – Performance Hurdle LTM EBITDA of $10.4m subject to certain adjustments as approved by the Board. If vesting conditions are not met, 50% of Tranche 1 eligible rights will be rolled into the future and tested against vesting conditions for Tranche 2 and 50% of Tranche 1 eligible rights will be rolled into the future and tested against vesting conditions for Tranche 3.
Issue 17	4 Nov 18	Subject to achieving KPI's, options vest on issue date of financial statements in respect of the Testing Date – 30 June 2020	Tranche 2 – Performance Hurdle Budgeted EBITDA approved by the Board for the financial year ending 30 June 2020. 50% of Tranche 2 eligible rights will be rolled into the future and tested against vesting conditions for Tranche 3 excluding those rolled from Tranche 1 and 50% of Tranche 2 eligible rights will be rolled into the future and tested on 30 June 2021 but will have a Performance Hurdle of the Budgeted EBITDA approved by the Board for the financial year ending 30 June 2021.
Issue 18	4 Nov 18	Subject to achieving KPI's, options vest on issue date of financial statements in respect of the Testing Date – 30 June 2021	Tranche 3 – Performance Hurdle Budgeted EBITDA approved by the Board for the financial year ending 30 June 2021.

[1] Performance Hurdles for the Issue 13, 14, 17, and 18 were amended to the approved EBITDA budget for each relevant financial year. This amendment was adopted after a vote of shareholders at the 2019 Annual General Meeting resulted in a 96% 'yes' vote.

With respect to LTIs, the primary objective is to reward staff and KMP in a way that aligns payment of remuneration with generating long-term shareholder value.

LTI option grants are made using a premium or an at-market price of the shares under option as a component of the performance hurdle, and in addition KMP and staff are required to meet certain length-of-service obligations.

As the fixed or variable component of remuneration is not dependent on share price or dividends, there is no discussion of the relationship between the board's remuneration policy and financial performance, included in this report.

Directors invite individuals to participate in the Employee and Executive Incentive Plan (EEIP) whereby they are granted options that can only be exercised subject to achieving service and vesting conditions at the end of specific periods.

Voting and comments at the Company's 2018 Annual General Meeting (AGM)

At the last Annual General Meeting, the Company received a 'yes' vote of 92% on its Remuneration Report for the 2019 financial year. The Company did not receive any specific feedback from shareholders at the meeting relating to the nature of its remuneration practices.

Directors' Report

Remuneration Report (Audited)

Details of Remuneration – Key Management Personnel

Remuneration arrangements are formalised in employment or consultancy agreements.

Remuneration packages contain cash salary, commissions, other short-term incentives, annual leave and long service leave provision movements, superannuation and the cost of share-based payments expensed for LTI's.

Remuneration for each member of KMP for the year ended 30 June 2020 is shown below:

	Short Term Employee Benefits	Short Term Incentives	Short Term Benefits Total	Post Employment Benefits	Share Based Payment	Long Term Employee Benefits	Termination Benefits	Total
2020								
Non Executive Directors of Pacific Star Network Limited								
C Coleman [1]	70,000	-	70,000	-	-	-	-	70,000
A Moffat [1]	47,500	-	47,500	4,513	-	-	-	52,013
C O'Brien [1]	52,013	-	52,013	-	-	-	-	52,013
R Hall	-	-	-	-	-	-	-	-
Sub-total	**169,513**	**-**	**169,513**	**4,513**	**-**	**-**	**-**	**174,026**
Other Key Management Personnel of the Group								
C Hutchison [2]	576,608	-	576,608	21,003	20,618 3%	6,017	-	624,246
C Giannopoulos [2]	382,580	-	382,580	21,003	10,309 2%	307	-	414,199
J Simm [2]	287,668	-	287,668	21,003	10,309 3%	240	-	319,220
R Simkiss [2]	382,066	-	382,066	21,003	73,999 15%	2,277	-	479,345
S Bingley [3]	237,398	17,502 10%	254,900	15,752	(92,997) (55)%	(13,980)	6,277	169,952
T Cleary [2, 4]	165,588	-	165,588	13,429	(116,246) (156)%	(295)	12,000	74,476
Sub-total	**2,031,908**	**17,502** **1%**	**2,049,410**	**113,193**	**(94,008)** **(5)%**	**(5,434)**	**18,277**	**2,081,438**
Total	**2,201,421**	**17,502** **1%**	**2,218,923**	**117,706**	**(94,008)** **(4)%**	**(5,434)**	**18,277**	**2,255,464**

[1] It was mutually agreed by the Board of Directors, that Director fees were reduced by 20% from April 2020 as a result of the significant financial and operational impact the COVID-19 pandemic and subsequent government restrictions have had on the Group. It was also agreed that payment of the Director fees have been deferred until September 2020.

[2] Effective 1 April 2020, the executive team mutually agreed to a 20% reduction in salaries, along with variable reduced hours as a result of the significant financial and operational impact the COVID-19 pandemic and subsequent government restrictions have had on the Group. At the date of this report the reduction in salaries and varied reduced hours are still in place.

[3] S Bingley ceased employment on 1 April 2020. All amounts disclosed for S Bingley are for the period that he was employed and classified as a key management personnel (1 July 2019 to 1 April 2020). S Bingley's share based payment includes the write-back of share options which were forfeited upon cessation of employment on 1 April 2020. His short term incentive relates to a discretionary cash payment for commissions based on Group revenue targets.

[4] T Cleary's share based payment includes an adjustment to his share options held because of his notice of resignation provided on 17 June 2020, with his employment to cease on 27 September 2020.

Directors' Report

Remuneration Report (Audited)

Details of Remuneration – Key Management Personnel cont'd

	Short Term Employee Benefits	Short Term Incentives	Short Term Benefits Total	Post Employment Benefits	Share Based Payment	Long Term Employee Benefits	Termination Benefits	Total
2019								
Non-Executive Directors of Pacific Star Network Limited								
C Coleman	75,000	-	75,000	-	-	-	-	75,000
A Moffat	50,000	-	50,000	4,750	-	-	-	54,750
C O'Brien	54,750	-	54,750	-	-	-	-	54,750
R Hall	-	-	-	-	-	-	-	-
Sub-total	179,750	-	179,750	4,750	-	-	-	184,500
Other Key Management Personnel of the Group								
C Hutchison	524,535	-	524,535	20,531	222,339 29%	-	-	767,405
C Giannopoulos	409,228	24,998 4%	434,226	20,532	111,170 20%	-	-	565,928
J Simm	279,461	-	279,461	20,531	111,170 27%	-	-	411,162
R Simkiss	356,127	-	356,127	20,531	112,990 23%	-	-	489,648
S Bingley	307,613	46,050 10%	353,663	20,531	74,113 17%	-	-	448,307
T Cleary	349,755	12,500 3%	362,255	20,531	92,641 19%	-	-	475,427
Sub-total	2,226,719	83,548 [1] 3%	2,310,267	123,187	724,423 [2] 23%	-	-	3,157,877
Total	2,406,469	83,548 2%	2,490,017	127,937	**724,423 22%**	-	-	3,342,377

[1] Includes monthly, quarterly and annual incentives paid in cash during the financial year.

[2] Share-based expense calculated under the Binomial model in respect of the value of share options issued.

Directors' Report

Remuneration Report (Audited)

Details of Share Based Compensation

Issued to / Grant date	Vesting date	Expiry date	Exercise date	Granted during the year Number	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed / forfeited during the year $	Fair value of options at grant date $
S Bingley [2]	30 Sep 19	30 Sep 20 [1]	Nil	-	-	-	(228,339)	33 cents
29 Mar 18	30 Sep 20	30 Sep 21 [1]	Nil	-	-	-	(228,339)	33 cents
	30 Sep 21	30 Sep 22 [1]	Nil	-	-	-	(228,339)	33 cents
T Cleary [3]	30 Sep 19	30 Sep 20 [1]	Nil	-	-	-	(285,424)	33 cents
29 Mar 18	30 Sep 20	30 Sep 21 [1]	Nil	-	-	-	(285,424)	33 cents
	30 Sep 21	30 Sep 22 [1]	Nil	-	-	-	(285,423)	33 cents
Total	n/a	n/a	n/a	-	-	-	(1,541,288)	n/a

[1] The expiry date of these options is as per the vesting conditions outlined on pages 11-12.

[2] S Bingley's 685,017 options were forfeited upon the cessation of employment on 1 April 2020.

[3] T Cleary's 856,271 options were forfeited upon the notice of resignation received on 17 June 2020.

Share Based Payments

Details of options over shares provided as remuneration is set out below.

- At 30 June 2020, 5,137,625 options can be exercised by KMP's in the future subject to achieving KPI's.
- There were no options over ordinary shares granted to KMP during the financial year.
- When exercisable, each option is convertible into one ordinary share.

Details of options over shares provided as remuneration is set out below.

Key Management Personnel	Balance as at 01 Jul 19	Granted during the year	Exercised during the year	Lapsed / Forfeited during the year	Balance as at 30 Jun 20	Expiry Date	Estimate of min / max grant value $
C Hutchison	2,055,050	-	-	-	2,055,050	30 Sep 22 [3]	366,210
C Giannopoulos	1,027,525	-	-	-	1,027,525	30 Sep 22 [3]	183,105
J Simm	1,027,525	-	-	-	1,027,525	30 Sep 22 [3]	183,105
R Simkiss	1,027,525	-	-	-	1,027,525	30 Sep 22 [3]	243,546
S Bingley [1]	685,017	-	-	(685,017)	-	30 Sep 22 [3]	-
T Cleary [2]	856,271	-	-	(856,271)	-	30 Sep 22 [3]	-
Total	**6,678,913**	**-**	**-**	**(1,541,288)**	**5,137,625**	**n/a**	**975,966**

[1] S Bingley's 685,017 options were forfeited upon the cessation of employment on 1 April 2020.

[2] T Cleary's 856,271 options were forfeited upon the notice of resignation received on 17 June 2020.

[3] The expiry date of these options is as per the vesting conditions outlined on pages 11-12.

Assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date and amounts included in the remuneration tables above.

Fair values at grant date are independently determined using the binomial approximation option pricing model and take account of the exercise price, term of the option, impact of dilution, share price at grant date and expected price volatility of the underlying share, expected dividend yield and risk-free interest rate for term of the option.

Directors' Report
Remuneration Report (Audited)

Share Based Payments cont'd

Model inputs for options granted up to and including the year ended 30 June 2020 included:

(i) Options issued to employees were issued for nil consideration and on vesting are exercisable into an equivalent number of shares.

(ii) The price volatility of the company's ordinary shares used for the purposes of calculating the share-based cost for the reporting period was in a range of 63 - 85%.

(iii) Risk-free rates for options issued were 1.9% (Tranche 1) and 2.1% (Tranche 2 and 3).

No options were granted in the financial year ended 30 June 2020.

Movement in Equity Instruments held by Key Management Personnel

The number of ordinary shares and options held directly or beneficially during the financial year by each director and KMP, including their personally related parties, is set out below.

Ordinary Shares	Balance at beginning of the year Number	EEIP / EESP Shares Issued Number	Dividend Reinvestment Plan Number	Ordinary Shares Acquired Number	Ordinary Shares Sold Number	Balance at end of year Number
C Coleman [1, 2]	49,182,322	-	-	731,175	-	49,913,497
A Moffat	3,002,700	-	-	-	-	3,002,700
C O'Brien	301,209	-	-	-	-	301,209
R Hall [3]	20,109,998	-	-	-	-	20,109,998
C Hutchison	49,410,736	-	-	-	-	49,410,736
C Giannopoulos	8,845,980	-	-	-	-	8,845,980
J Simm	5,126,354	-	-	-	-	5,126,354
R Simkiss	-	-	-	81,844	-	81,844
	136,710,474	**-**	**-**	**813,019**	**-**	**136,792,318**

[1] Includes 49,263,497 shares held by Viburnum Funds Pty Ltd.

[2] C Coleman balance at the beginning of the year has been restated to 49,182,322. This was recorded as 50,398,847 in the 2019 Annual Report.

[3] R Hall's interest in ordinary shares is held through Tosca Boxer Pty Ltd atf The Hall Family Trust.

Directors' Report

Remuneration Report (Audited)

Movement in Equity Instruments held by Key Management Personnel cont'd

Share Options	Balance at beginning of the year	Exercised during the year	Options Granted as compensation	Expired / Forfeited / Other	Balance at end of year
	Number	Number	Number	Number	Number
C Giannopoulos	1,027,525	-	-	-	1,027,525
C Hutchison	2,055,050	-	-	-	2,055,050
J Simm	1,027,525	-	-	-	1,027,525
S Bingley [1]	685,017	-	-	(685,017)	-
R Simkiss	1,027,525	-	-	-	1,027,525
T Cleary [2]	856,271	-	-	(856,271)	-
Total	**6,678,913**	**-**	**-**	**(1,541,288)**	**5,137,625**

[1] S Bingley's 685,017 of options were forfeited upon the cessation of employment on 1 April 2020

[2] T Cleary's 856,271 of options were forfeited upon the notice of resignation received on 17 June 2020.

None of the 5,137,625 options at balance date had vested at 30 June 2020.

There are no other options on issue to Key Management Personnel.

Transactions with Key Management Personnel

(i) The Company has an agreement with Craig Hutchison Media Pty Ltd for the provision of talent appearances and services totalling $400,000 during the reporting period. This agreement is made on normal commercial terms and conditions.

(ii) The Company had a lease agreement which terminated on 31 July 2018 with Infuture One Pty Ltd, as trustee for Infuture One Trust, for office and studio premises. The majority unit holder in the Trust is Ronald Hall, a director and major shareholder of the Company.

(iii) The profit / (loss) before income tax includes the following expense resulting from transactions with directors or director-related entities:

	Consolidated	
	2020 $'000s	2019 $'000s
Lease payments	**-**	39
Talent & Consulting services	**400**	400
Total	**400**	439

Directors' Report

Remuneration Report (Audited)

Service Agreements – Key Management Personnel

Remuneration and other terms of employment for the management team are formalised in employee agreements.

Craig Hutchison – Executive Director and Chief Executive Officer

- Term of employment is ongoing
- Base salary, inclusive of superannuation for the year ended 30 June 2020 was $606,394 p.a.
- An annual bonus is payable for achievement of board approved net profit before tax (NPBT) budget
- Entitled to participate in an equity incentive plan as approved by the Board which will include vesting hurdles based on performance targets set by the Board
- Payment of termination benefit on early termination, other than for gross misconduct, equal to 12 months' base salary. Employee can terminate with 12 months' notice

Chris Giannopoulos – Executive Director – Stakeholder Management and Acquisitions, Managing Director – Bravo Talent Management

- Term of employment is ongoing
- Base salary, inclusive of superannuation for the year ended 30 June 2020 was $430,000 p.a.
- An annual bonus is payable for achievement of board approved net profit before tax (NPBT) budget
- Entitled to participate in an equity incentive plan as approved by the Board which will include vesting hurdles based on performance targets set by the Board
- Payment of termination benefit on early termination, other than for gross misconduct, equal to 6 months' base salary. Employee can terminate with 6 months' notice

Jodie Simm – Chief Operating Officer

- Term of employment is ongoing
- Base salary, inclusive of superannuation for the year ended 30 June 2020 was $325,000 p.a.
- An annual bonus is payable for achievement of board approved net profit before tax (NPBT) budget
- Entitled to participate in an equity incentive plan as approved by the Board which will include vesting hurdles based on performance targets set by the Board
- Payment of termination benefit on early termination, other than for gross misconduct, equal to 6 months' base salary. Employee can terminate with 6 months' notice

Directors' Report

Remuneration Report (Audited)

Service Agreements – Key Management Personnel

Richard Simkiss – Group Business Director

- Term of employment is ongoing
- Base salary, inclusive of superannuation for the year ended 30 June 2020 was $430,000 p.a.
- An annual bonus is payable for achievement of board approved net profit before tax (NPBT) budget
- Entitled to participate in an equity incentive plan as approved by the Board which will include vesting hurdles based on performance targets set by the Board
- Payment of termination benefit on early termination, other than for gross misconduct, equal to 6 months' base salary. Employee can terminate with 6 months' notice

Sam Bingley – Chief Commercial Officer and General Manager (SEN)

- Term of employment ceased on 1 April 2020.
- Base salary, inclusive of superannuation for the year ended 30 June 2020 was $340,000 p.a.
- Commissions are payable under the contract based on achieving monthly sales targets
- Entitled to participate in an equity incentive plan as approved by the Board which will include vesting hurdles based on performance targets set by the Board
- Payment of termination benefit on early termination, other than for gross misconduct, equal to 6 months' base salary. Employee can terminate with 6 months' notice

Tim Cleary – Chief Content Officer

- Term of employment will continue until 27 September 2020, with notice of resignation having been received on 17 June 2020.
- Base salary, inclusive of superannuation for the year ended 30 June 2020 was $380,531 p.a.
- An annual bonus is payable for achievement of board approved net profit before tax (NPBT) budget
- Entitled to participate in an equity incentive plan as approved by the Board which will include vesting hurdles based on performance targets set by the Board
- Payment of termination benefit on early termination, other than for gross misconduct, equal to 6 months' base salary. Employee can terminate with 6 months' notice

The 2019 Remuneration Report was approved at the AGM held on 25 November 2019.

End of Audited Remuneration Report

Directors' Report

Non-Audit Services

The Company may decide to employ BDO on assignments additional to their statutory audit duties where the auditors' expertise and experience is considered important.

The value of non-audit services performed by the auditor during the year was $82,735 (2019: $102,100) and related to the provision of taxation services. Directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, for the following reasons:

(i) all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor; and
(ii) none of the services undermine the general principles relating to auditor independence as set out in APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethics Standards Board including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity, or acting as advocate, or jointly sharing economic risk and rewards.

Details of fees paid (including for non-audit services) to the auditor are disclosed in Note 9.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2020 as required under Section 307(c) of the Corporations Act 2001 has been received and is located on page 21.

Corporate Governance Statement

The 2020 Corporate Governance Statement has been released as a separate document and can be located on our website at www.pacificstarnetwork.com.au/investors.

Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Directors' Interests in Contracts

Directors' interests in contracts are disclosed on page 17 and in note 27 of this report.

Rounding of Amounts

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

Signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors,

Craig Coleman

Chairman

Melbourne, 25 September 2020

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

As lead auditor of Pacific Star Network Limited for the year ended 30 June 2020, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Pacific Star Network Limited and the entities it controlled during the period.

David Garvey
Director

BDO Audit Pty Ltd

Melbourne, 25 September 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of Pacific Star Network Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pacific Star Network Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BDO

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of indefinite intangible assets

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 16 Intangible Assets of the accompanying financial report The Group has material indefinite life intangible assets including goodwill, radio licenses, brand and distribution rights. The indefinite life intangibles are required to be tested at least annually for impairment in accordance with Australian Accounting Standards. Management assessed the ongoing trading conditions of the entity and formed the opinion that the Goodwill intangible asset in the Media CGU is impaired. As at 30 June 2020, a $3.36M impairment has been booked against the goodwill. This is a key audit matter because the impairment assessment process is complex and is required to be carried out at the level of the lowest identifiable cash generating units. The assessment requires significant judgement and includes assumptions that are based on future operating results, discount rates and the broader market conditions in which the Group operates. The degree of estimation of uncertainty was heightened as a result of COVID-19.	Our procedures, amongst others, included: • Assessing management's CGU allocations in order to ensure that they reflect how financial information is reported to the Chief Operating Decision Maker in accordance with AASB 136 *Impairment of Assets*. • Assessing the Group's cash flow forecasts including consideration of the discount rates and growth rates used. • Testing the integrity and mathematical accuracy of the value in use discounted cash flow models. • Engaging our valuation experts to assist in assessing the discount rate, revenue growth rate and the terminal growth rate applied. • Performing a sensitivity analysis to identify whether a reasonable variation in the assumptions could cause the carrying amount of the cash generating units to exceed their recoverable amount and therefore indicate a further impairment. • Evaluating the Group's ability to forecast future cash flows by comparing historically budgeted cash flows with actual performance. • Reviewing the market capitalisation of the Group in comparison to the carrying value of the assets. • Evaluating the adequacy of the disclosures relating to intangible assets in the financial report, including those made with respect to judgments and estimates.

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Going concern and COVID-19 impact

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 1 Basis of preparation of the accompanying financial report. The financial statements of the Group have been prepared on a going concern basis. COVID-19 has resulted in a significant decrease in revenues and profit of the Group for the last quarter of the 30 June 2020 financial year and has led to a reduction in forecast cash flows. Government restrictions in Australia led to a significant change in the operation of the 2020 AFL & NRL sporting seasons, and the postponement and cancellation of other public events which have impacted the Group's revenue streams. The Group responded to the COVID-19 pandemic by exiting or re-negotiating uneconomical contracts where possible, and arranging access to additional funding from the Commonwealth Bank of Australia as described in Note 19. This is a key audit matter due to the Group's significant borrowings and the complexities and judgements involved in forecasting the future cash flows of the business. The going concern assumption is key to the overall financial statements.	Our procedures, amongst others, included: • Evaluating of the appropriateness of the Group's going concern assessment. • Challenging key underlying assumptions included within the cash flow forecasts. • Testing the integrity and mathematical accuracy of the cash flow forecast. • Reviewing the revised borrowings agreement and obtained an understanding of the key terms, available draw down amounts and covenants. • Review of key contracts within the business to agree whether no onerous contracts exist. • Obtained written representations from management and the Directors regarding future plans for the business that have been included within the cash flow forecasts. • Evaluating the adequacy of the disclosures relating to the going concern assumption and the impact of COVID-19 within the financial report.

Acquisition accounting

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 31 Business combinations of the accompanying financial report. The Group acquired the Precision Talent Management, Rapid Media, Spirit Bunbury and Lifestyle1 businesses during the 30 June 2020 year end. Accounting for the business combinations is a key audit matter due to the significance of the acquisitions to the Group and the complexities associated with the transactions.	Our procedures, amongst others, included: • Reviewing the sale and purchase agreements to understand the terms and obligations under the contracts. • Evaluating management's assessment of the accounting treatment of the acquisitions for compliance with the requirements of Australian Accounting Standards. • Reviewing management's assessment of the fair value of assets and liabilities acquired at acquisition date.

Key audit matter	*How the matter was addressed in our audit*
This included determining whether the acquisitions were business combinations or asset acquisitions, determining the acquisition dates, determining the fair value of the assets and liabilities acquired including the potential identification and recognition of identifiable intangible assets.	• Reviewing management's assessment for and valuation of any separately identifiable intangibles. • Evaluating the adequacy of the disclosures relating to the business combinations within the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information contained in Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's Report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 19 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Pacific Star Network Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

David Garvey
Director

Melbourne, 25 September 2020

Directors' Declaration

In the opinion of the Directors of Pacific Star Network Limited

a) the financial statements and notes set out on pages 28 to 74 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 30 June 2020 and of its performance for the financial year ended on that date; and

   (ii) Complying with Australian Accounting Standards 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; and

c) the Directors have been given the declarations required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020; and

d) the remuneration disclosures included at pages 9 to 19 of the Directors' Report (Audited Remuneration Report) for the year ended 30 June 2020 comply with section 300A of the Corporations Act 2001.

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,

Craig Coleman

Chairman

Melbourne, 25 September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 30 June 2020

	Notes	30 June 2020 $'000s	30 June 2019 $'000s
Revenue	3(a)	**66,785**	67,007
Sales and marketing expenses		**(22,179)**	(20,510)
Occupancy expenses		**(698)**	(1,749)
Administration expenses		**(7,484)**	(10,088)
Technical expenses		**(19,094)**	(17,034)
Production / creative expenses		**(8,902)**	(5,197)
Restructuring costs	4	**(327)**	(952)
Impairment of intangible assets	4	**(3,366)**	-
Loss on cancellation of intangible assets	4	**(1,556)**	-
Corporate expenses		**(2,332)**	(3,179)
Depreciation and amortisation	3(b)	**(5,285)**	(2,745)
Finance costs		**(868)**	(488)
Investments accounted for using the equity method	14	**13**	(229)
Expenses		**(72,078)**	(62,171)
(Loss) / Profit before income tax from continuing operations		**(5,293)**	4,836
Income tax benefit / (expense)	6(c)	**933**	(1,913)
(Loss) / Profit after income tax from continuing operations		**(4,360)**	2,923
Profit after income tax expense from discontinued operations	32	**-**	529
(Loss) / Profit for the year after income tax		**(4,360)**	3,452
Other comprehensive income net of tax		**-**	-
Comprehensive Income for the year		**(4,360)**	3,452

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 30 June 2020

	Notes	30 June 2020 $'000s	30 June 2019 $'000s
Earnings per share (loss) / profit from continuing operations attributable to the Owners			
Basic (loss) / earnings (cents per share)	22	(2.13)	1.44
Diluted (loss) / earnings (cents per share)	22	(2.13)	1.39
Earnings per share (loss) / profit from discontinued operations attributable to the Owners			
Basic earnings (cents per share)	22	-	0.26
Diluted earnings (cents per share)	22	-	0.25
Earnings per share (loss) / profit attributable to the Owners			
Basic (loss) / earnings (cents per share)	22	(2.13)	1.70
Diluted (loss) / earnings (cents per share)	22	(2.13)	1.64

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

Consolidated Statement of Financial Position as at 30 June 2020

	Notes	30 June 2020 $'000s	30 June 2019 $'000s
Current Assets			
Cash and cash equivalents	28	7,652	4,934
Trade and other receivables	10	6,962	13,850
Prepayments		2,738	2,870
Assets classified as held for sale	15	5,020	-
Total Current Assets		22,372	21,654
Non-Current Assets			
Property, plant and equipment	11	9,838	6,362
Right-of-use-assets	13(a)	13,266	-
Deferred tax assets	12	1,204	736
Investments accounted for using the equity method	14	951	938
Intangibles	16	43,007	39,726
Other non-current assets		-	1,375
Total Non-Current Assets		68,266	49,137
Total Assets		90,638	70,791
Current Liabilities			
Borrowings	19	5,913	101
Trade and other payables	17	10,567	9,416
Lease liabilities	13(b)	936	-
Income tax payable		546	998
Deferred revenue		416	404
Provisions	18	1,197	1,625
Total Current Liabilities		19,575	12,544
Non-Current Liabilities			
Borrowings	19	8,906	8,347
Lease liabilities	13(b)	12,613	-
Deferred tax liability	12	6,241	4,637
Deferred revenue		578	978
Provisions	18	499	243
Total Non-Current Liabilities		28,837	14,205
Total Liabilities		48,412	26,749
Net Assets		42,226	44,042
Equity			
Issued capital	20	57,209	54,716
Share-based payment reserve		992	941
Accumulated losses	21	(15,975)	(11,615)
Total Equity		42,226	44,042

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

Consolidated Statement of Changes in Equity for the Financial Year Ended 30 June 2020

	Notes	Issued Capital $'000s	Share Based Payment Reserve $'000s	Accumulated Losses $'000s	Total $'000s
Total Equity at 1 July 2019		**54,716**	**941**	**(11,615)**	**44,042**
Loss after income tax		**-**	**-**	**(4,360)**	**(4,360)**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**(4,360)**	**(4,360)**
Transactions with owners in their capacity as owners					
Issue of share capital	**20**	**2,506**	**(31)**	**-**	**2,475**
Share issue costs	**20**	**(13)**	**-**	**-**	**(13)**
Share Based Payments	**3(b)**	**-**	**82**	**-**	**82**
Total Equity at 30 June 2020		**57,209**	**992**	**(15,975)**	**42,226**
Total Equity at 1 July 2018		54,642	748	(15,634)	39,756
Profit after income tax		-	-	3,452	3,452
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	3,452	3,452
Transactions with owners in their capacity as owners					
Issue of share capital	**20**	74	-	-	74
Transfer of lapsed and exercised share options	**20**	-	(567)	567	-
Share Based Payments	**3(b)**	-	760	-	760
Total Equity at 30 June 2019		54,716	941	(11,615)	44,042

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

Consolidated Statement of Cash Flows for the Financial Year Ended 30 June 2020

	Notes	30 June 2020 $'000s	30 June 2019 $'000s
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**74,065**	70,033
Payments to suppliers and employees (inclusive of GST)		**(60,756)**	(65,256)
JobKeeper program funding received		**1,620**	-
Interest received		**2**	11
Interest and other costs of finance paid		**(478)**	(488)
Interest on lease liabilities		**(390)**	-
Income taxes paid		**(1,230)**	(960)
Net operating cash flows provided by operating activities	**28(b)**	**12,833**	3,340
Cash flows from investing activities			
Payment for property, plant and equipment	**11**	**(2,748)**	(3,358)
Payment for intangible assets – radio licences	**16**	**(5,941)**	(1,375)
Payment for intangible assets – computer software	**16**	**(861)**	(423)
Payment for the acquisition of AFL Record		**(1,752)**	(2,238)
Payment for the acquisition of Rapid TV	**31**	**(2,223)**	-
Payment for the acquisition of Precision Talent	**31**	**(500)**	-
Payment for the acquisition of Lifestyle1	**31**	**(73)**	-
Payment for the acquisition of Spirit Bunbury 621AM	**31**	**(3,220)**	-
Payments for the investment in an associate		**-**	(1,000)
Proceeds from the disposal of subsidiary	**32**	**-**	1,953
Net cash used in investing activities		**(17,318)**	(6,441)
Cash flows from financing activities			
Proceeds from issue of shares	**20**	**1,975**	74
Payment of share issue costs	**20**	**(13)**	-
Proceeds from borrowings		**6,618**	2,800
Repayment of borrowings		**(329)**	(2,820)
Repayment of lease liabilities		**(1,048)**	-
Net cash provided by financing activities		**7,203**	54
Net increase / (decrease) in cash and cash equivalents		**2,718**	(3,047)
Cash and cash equivalents at the beginning of the year		**4,934**	7,981
Cash and cash equivalents at the end of the year	**28(a)**	**7,652**	4,934

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

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. In addition, significant and other accounting policies that summarise the measurement basis used and that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

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

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 25 September 2020 by the directors of the Company.

All amounts are presented in Australian dollars, unless otherwise stated.

The consolidated financial statements include the information contained in the financial statements of Pacific Star Network Limited and each of its controlled entities as from the date the parent entity obtains control until such time as control ceases.

Separate financial statements for Pacific Star Network Limited as an individual entity are not presented as permitted by the Corporations Act 2001. However, limited financial information for this individual entity is included in Note 29 of the financial statements.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Pacific Star Network Limited is a company limited by shares and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX).

Going Concern

The COVID-19 pandemic has resulted in a significant decrease in revenues and profit of the Group for the last quarter of the 30 June 2020 financial year.

Government restrictions in Australia led to a significant change in the operation of the 2020 AFL & NRL sporting seasons, and the postponement and cancellation of other public events which have impacted the Group's revenue streams. There is significant uncertainty as to the ongoing disruption of sporting seasons, the lifting of restrictions on event gatherings and the ongoing impact on advertisers.

As highlighted in Note 19 of these financial statements, the Group has the ability to finance its working capital requirements through a debt facility which is due to mature in August 2021.

The Group plans to extend the maturity of the facility and to date no matters have been drawn to our attention to suggest that such negotiations will not be successful. An additional $13.500m facility was extended by the bank in June 2020 due to the impact of COVID-19, despite the borrowings being due for maturity just over 12 months from this renegotiation date.

The Group's budgets and cash flow projections take account of expected trading performance and the Directors expect that the business should be able to operate within the level of any agreed facility. If negotiations were not successful with the Group's existing bank, the Group would consider other financiers.

The Group is continuing to monitor the impact of the COVID-19 pandemic on its business and identify opportunities for operational long-term cost efficiencies.

On the basis of this information, the Directors have a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing this financial report.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

1. Summary of Significant Accounting Policies cont'd

Statement of Compliance with IFRS

Australian Accounting Standards include International Financial Reporting Standards (IFRS) as adopted in Australia. The financial statements and notes of Pacific Star Network Limited comply with International Financial Reporting Standards (IFRS).

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives. Technically obsolete or non-strategic assets that are abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 16. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

1. Summary of Significant Accounting Policies cont'd

Critical Accounting Judgements and Key Sources of Estimation Uncertainty cont'd

Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

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

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in Note 2 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

Revision to Appendix 4E Preliminary Final Report for the year ended 30 June 2020

The Group has reclassified amounts within the consolidated statement of cash flows for the year ended 30 June 2020 from what was disclosed in the Appendix 4E for a more accurate presentation. As a result, net operating cash flows have increased from $12.068 million to $12.833 million, net investing cash flows have increased from $16.615 million to $17.318 million and net financial activities have decreased from $7.265 million to $7.203 million.

In addition, the taxation figures have been updated from the Appendix 4E to reflect the final tax position of the Group. Deferred tax assets have increased from $1.110 million to $1.204 million, income tax payable has decreased from $0.605 million to $0.546 million, deferred tax liabilities has decreased from $6.933 million to $6.241 million and the income tax benefit has increased from $0.088 million to $0.933 million.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

1. Summary of Significant Accounting Policies cont'd

Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Pacific Star Network Limited (the parent entity) and all entities that the parent entity controlled from time to time during the year and at reporting date.

The financial statements of controlled entities are prepared for the same reporting year as the parent entity, using consistent accounting policies.

All intercompany balances and transactions have been eliminated in full.

A list of controlled entities appears in Note 25 of this report.

Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191 relating to "rounding off" of amounts in the financial report.

Amounts in the financial report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, unless otherwise indicated.

2. Changes in Accounting Policies

The Group has adopted AASB 16 *Leases* from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities (included in finance costs).

The group has adopted AASB 16 using the modified retrospective approach from 1 July 2019, and has therefore not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The impact on the financial performance and position of the consolidated entity from the adoption of AASB 16 is detailed in note 2 (c) and (d).

a) Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

2. Changes in Accounting Policies cont'd

b) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

c) Impact on transition

On transition to AASB 16, the Group recognised the right-of-use assets and lease liabilities. The impact on transition is summarised below.

	1 July 2019 $'000s
Right-of-use assets	**12,859**
Lease liabilities	**(12,592)**
Make good provision	**(267)**

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 3.43%.

	1 July 2019 $'000s
Operating lease commitments disclosed as at 30 June 2019	6,441
Discounted using the incremental borrowing rate of at the date of initial application	(2,487)
Add: adjustments as a result of a different treatment of extension and termination options	8,638
Lease liability recognised as at 1 July 2019	**12,592**
Being:	
- Current lease liabilities	**1,268**
- Non-current lease liabilities	**11,324**
	12,592

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

2. Changes in Accounting Policies cont'd

d) Impact on Consolidated Statement of Profit or Loss and Other Comprehensive Income

The impact on the consolidated profit or loss for the year ended 30 June 2020 as a result of the adoption of the new leases standard is set out below. The "Historical" profit or loss reflects the trading results of the Group prepared in accordance with the previous leasing standard AASB 117. The "Reported" profit or loss reflects the trading results of the Group as reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, prepared in accordance with the new leasing standard AASB 16.

	Historical $'000s	Impact $'000s	Reported $'000s
Revenue	**66,785**	**-**	**66,785**
Sales and marketing expenses	(22,179)	-	(22,179)
Occupancy expenses	(2,003)	1,305	(698)
Administration expenses	(7,484)	-	(7,484)
Technical expenses	(19,094)	-	(19,094)
Production / creative expenses	(9,209)	307	(8,902)
Restructuring costs	(327)	-	(327)
Impairment of intangibles assets	(3,366)	-	(3,366)
Loss on disposal of intangible assets	(1,556)	-	(1,556)
Corporate expenses	(2,332)	-	(2,332)
Depreciation and amortisation	(3,688)	(1,597)	(5,285)
Finance costs	(478)	(390)	(868)
Loss on investments accounted for using the equity method	13	-	13
Expenses	**(71,703)**	**(375)**	**(72,078)**
Loss before income tax from continuing operations	**(4,918)**	**(375)**	**(5,293)**
Income tax benefit	933	-	933
Loss after income tax from continuing operations	**(3,985)**	**(375)**	**(4,360)**
Profit after income tax expense from discontinued operations	-	-	-
Loss for the financial year after income tax	**(3,985)**	**(375)**	**(4,360)**

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

3. Profit from Continuing Operations

a) Revenue from Continuing Activities

	Consolidated	
	2020	2019
	$'000s	$'000s
Revenue from contracts with customers		
Media revenue	**53,959**	55,411
Complementary Services revenue	**11,062**	11,428
	65,021	66,839
Other revenue		
Interest revenue	**2**	12
Other revenue	**142**	156
Government grants (JobKeeper payments)	**1,620**	-
	1,764	168
Revenue from continuing operations	**66,785**	67,007

Revenue Recognition and Measurement

Revenues are recognised at fair value of the consideration received or receivable net of the GST payable to the Australian Taxation Office (ATO).

Sales Revenue

(i) Media Revenue

Media revenue is derived from the sale of advertising time or placement of advertising amongst radio, print, television, digital, and in stadium platforms for local and national advertisers. Revenue is recognised when a client's advertisements have been broadcast on the agreed platform or published in a magazine.

Publishing revenue represents sales of magazines. Revenue is recognised when a customer makes a purchase and it is delivered to the customer.

Other regular sources of operating revenue are derived from commercial production for advertisers and the sale of programming. Revenue from commercial production and programming sale is recognised at the time of completion of the commercial or sale.

(ii) Complementary Services Revenue

Complementary services revenue is derived from the sale of tickets, hospitality, talent management commissions and creative agency services. Revenue from complementary services is recognised at the time the service is provided.

(iii) Interest Income

Interest is recognised as it accrues, taking account of the yield on the financial asset.

(iv) Cost to obtain a contract

The Group pays sales commission to its employees for new contracts obtained. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions because the amortisation period of the asset that the Group otherwise would have used is one year or less.

(v) JobKeeper payments

The JobKeeper payments are a wage subsidy whereby employers who qualify for the stimulus receive $1,500 per fortnight for each eligible employee who was employed by the Group during the period April 2020 to September 2020. JobKeeper payments are government grants and are accounted for under AASB 120 *Accounting for Government Grants and Disclosure of Government Grants of Government Assistance*.

The Group has recognised JobKeeper payments received from the Australian Federal Government as other revenue over the period necessary to match them with the salaries and wages costs that they are intended to subsidise.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

3. Profit from Continuing Operations cont'd

b) Expenses

	Consolidated	
	2020	2019
	$'000s	$'000s
Credit Loss Allowance – trade receivables	**909**	(37)
Depreciation / amortisation of non-current assets:		
Property, plant and equipment	**1,462**	938
Low value assets	**41**	30
Borrowing costs	**38**	12
Intangible assets	**2,147**	1,765
Right-of-use-assets	**1,597**	-
Operating lease rental expenses:		
Minimum lease payments – premises	**-**	1,282
Employee benefits expense	**20,667**	19,550
Defined contribution superannuation expense	**1,676**	1,857
Share-based payments - EEIP	**82**	760

Superannuation benefits

All employees receive defined contribution superannuation entitlements, for which the employer pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's nominated superannuation fund of choice.

All contributions in respect of employees' contribution entitlements are recognised as an expense when they become payable. The Company's obligation in respect of employee's contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period.

All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled, and are presented as current liabilities in the company's statement of financial position.

4. Significant costs

Net loss after tax includes the following items whose disclosure is relevant in explaining the financial performance of the Group. Significant items are those items of such a size or nature that separate disclosure will enhance a user's understanding of the financial statements.

	Consolidated	
	2020	2019
	$'000s	$'000s
Impairment of intangibles – goodwill in Broadcasting & Media CGU	**3,366**	-
Loss on cancellation of intangible assets – NRL broadcast rights	**805**	-
Loss on cancellation of intangible assets – NRL supplier relationships	**751**	-
Restructure and transaction costs	**327**	952
Total significant items included in net loss after tax	**5,249**	952

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

5. Financial Risk Management

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date the Company commits to either the purchase / sale of the asset. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case, costs are expensed to the income statement immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortised cost. Gains / losses are recognised in the income statement through the amortisation process and when the financial asset is derecognised.

Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in the income statement through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the receivables or a group of receivables are experiencing significant financial difficulty, default in payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the profit or loss if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms had not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Financial Instruments

Financial instruments consist mainly of cash and short-term deposits with banks, accounts receivable, payables and intercompany / third party loans.

There were no derivative instruments at reporting date.

The Board reviews and agrees policies for each of these risks as summarised on the next page.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

5. Financial Risk Management cont'd

Risk Exposures and Responses

The primary risk exposure is to interest rate, credit and liquidity risk.

a) Interest Rate Risk

Interest rate risk arises from loans. A 1% increase / decrease in loan rates would change trading results by +/- $133,334 (2019: +/- $84,480).

Risk is managed by taking account of the interest rate environment, movements in variable / fixed-rate interest rates, availability of alternative products, the cash flow position and advice from bankers.

At reporting date, the Company had a mix of financial assets and liabilities exposed to Australian variable interest rate risk.

	Consolidated	
	2020	2019
	$'000s	$'000s
Financial Assets		
Cash and cash equivalents	**7,652**	4,934
	7,652	4,934
Financial Liabilities		
Bank loans	**14,819**	8,448
	14,819	8,448
Net exposure	**(7,167)**	(3,514)

Consideration is given to interest rate exposure, alternative financing and the mix of fixed and variable interest rates.

b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. Credit risk arises from financial assets such as cash and cash equivalents, trade and other receivables. At reporting date, the maximum exposure to credit risk on recognised financial assets is the carrying amount, net of any loss allowance for those assets as disclosed in the ageing analysis in Note 10(b).

Exposure at reporting date where applicable is addressed in each applicable note.

It is trading policy to transact only with recognised and creditworthy third parties. The Company manages cash balances through Commonwealth Bank of Australia and National Australia Bank.

Collateral is not requested nor is it policy to securitise trade and other receivables.

Trade receivables are monitored on an ongoing basis to minimise potential exposure and consequently bad debts as a percentage of sales are not considered material.

The business does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the business.

Capital Risk Management

The objective in managing capital is to safeguard the Company's ability to continue as a going concern, to generate returns for shareholders and to maintain a capital structure that minimises costs of capital.

The capital structure of the Group consists of debt, which includes the borrowings listed in Note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The net debt to equity gearing ratio at reporting date was 17.0% (2019: 8%).

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

5. Financial Risk Management cont'd

c) Liquidity Risk

Liquidity risk is managed by forecasting and monitoring cash flows on an ongoing basis. The primary objective is to maintain flexibility whilst having access to continuity of funding.

The business has $14.819 million of loans owing at reporting date which have a maturity date of 31 August 2021.

The contractual maturity of other financial liabilities of $10.567 million (2019: $9.416 million) is predominantly less than six months.

The maturity analysis for financial assets and liabilities is based on contractual obligations.

The risks implied from the values disclosed in the table reflect a balanced view of cash inflows, outflows, payables, loans and other financial liabilities that originate from the financing of assets used in ongoing operations such as property, equipment and investments in working capital such as receivables. These assets are fully considered in assessing liquidity risk.

	≤ 6 months	6-12 months	1-5 years	> 5 years	Total
2020	**$'000s**	**$'000s**	**$'000s**	**$'000s**	**$'000s**
Financial Assets					
Cash & cash equivalents	**7,652**	**-**	**-**	**-**	**7,652**
Trade, other receivables and prepayments	**9,700**	**-**	**-**	**-**	**9,700**
	17,352	**-**	**-**	**-**	**17,352**
Financial Liabilities – Non-Interest Bearing					
Trade & other payables	**(10,567)**	**-**	**-**	**-**	**(10,567)**
Financial Liabilities – Interest Bearing					
Loans – contractual	**(146)**	**(5,768)**	**(8,905)**	**-**	**(14,819)**
Lease liabilities	**(347)**	**(589)**	**(5,089)**	**(7,524)**	**(13,549)**
	(11,060)	**(6,357)**	**(13,994)**	**(7,524)**	**(38,935)**
Net maturity	**6,292**	**(6,357)**	**(13,994)**	**(7,524)**	**(21,583)**

	≤ 6 months	6-12 months	1-5 years	> 5 years	Total
2019	$'000s	$'000s	$'000s	$'000s	$'000s
Financial Assets					
Cash & cash equivalents	4,934	-	-	-	4,934
Trade, other receivables and prepayments	16,720	-	-	-	16,720
	21,654	-	-	-	21,654
Financial Liabilities – Non-Interest Bearing					
Trade & other payables	(9,416)	-	-	-	(9,416)
Financial Liabilities – Interest Bearing					
Loans - contractual	(50)	(51)	(8,347)	-	(8,448)
	(9,466)	(51)	(8,347)	-	(17,864)
Net maturity	12,188	(51)	(8,347)	-	3,790

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

5. Financial Risk Management cont'd

c) Fair value of financial instruments

The Group does not have any financial assets or financial liabilities carried at fair value in the current financial year.

The carrying amount of all other financial assets and financial liabilities recorded in the financial statements approximate their fair values.

6. Income Tax

	Consolidated 2020 $'000s	Consolidated 2019 $'000s
a) Income tax expense for the financial year differs from the amount calculated in the net result from continuing operations. The differences are reconciled as follows:		
(Loss) / Profit before income tax expense	**(5,293)**	5,375
Income tax (benefit) / expense calculated at 30%	**(1,588)**	1,612
Non-allowable expenses / assessable income	**1,132**	346
	(456)	1,958
Prior year adjustments: over provision for income tax	**(477)**	(35)
Income tax (benefit) / expense	**(933)**	1,923
b) The applicable weighted average effective income tax rates are as follows	**30%**	30%
c) Income tax expense components		
Current year tax	**829**	2,350
Current year temporary differences:		
movement in deferred tax asset	**(239)**	376
movement in deferred tax liability	**(1,046)**	(768)
Prior year adjustments: over provision for income tax	**(477)**	(35)
	(933)	1,923
d) Franking credits	**6,043**	4,813

Recognition and Measurement

Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and, where applicable, any adjustment recognised for prior periods.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

6. Income Tax cont'd

Deferred Taxes

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

(i) When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

(ii) When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered.

Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there will be future taxable profits available to recover the asset.

Tax Consolidation

Pacific Star Network Limited (the "Company") and its wholly-owned controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts.

The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

The entities have also entered into a tax funding agreement under which each wholly owned entity compensates the parent entity for any current tax payable assumed and is compensated for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the parent entity.

7. Key Management Personnel Compensation

a) Details of Key Management Personnel (KMP)

Detailed remuneration disclosures are included in the Directors' Report in accordance with section 300A of the *Corporations Act 2001.*

b) Compensation of Key Management Personnel

	Short Term Employee Benefits	Short Term Employee Incentives	Short Term Benefits Total	Post Employment Benefits	Share Based Payment	Long Term Employee Benefits	Termination Benefits	Total
	$	$	$	$	$	$	$	$
2020	**2,201,421**	**17,502**	**2,218,923**	**117,706**	**(94,008)**	**(5,434)**	**18,277**	**2,255,464**
2019	2,406,469	83,548	2,490,017	127,937	724,423	-	-	3,342,377

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

8. Share Based Payments

a) Employee and Executive Incentive Plan (EEIP)

The Company operates an Employee and Executive Incentive Plan.

The Plan is designed to provide short and long-term incentives for employees, by allowing them to participate in the future growth of the business and generate improved shareholder returns. Under the Plan, directors may in their absolute discretion offer to grant options to eligible recipients. The options can be granted for nil consideration and carry rights in favour of the option holder to subscribe for one ordinary share for each option issued. Employees joining after commencement of the plan are eligible recipients and all shares issued on exercise of options rank equally with issued shares.

Initial Recognition and Measurement

The cost of these equity settled transactions is measured by reference to the fair value of the equity instruments at the date on which they are granted. The cost of such transactions is recognised as an expense, together with a corresponding increase in equity, over the period in which the performance conditions (where applicable) are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award ('vesting date').

Options are issued pursuant to the EEIP and have expiry dates of up to 36 months from their date of grant. The option pricing model values each vesting portion and accordingly the amortised share-based compensation disclosed in the Remuneration Report includes the apportioned value of any options held by the KMPs.

The charge or credit for a period represents the difference in the cumulative expense recognised at the beginning and end of that period and is reflected in Note 3(b).

The cumulative expense recognised for equity settled transactions at each reporting date until vesting reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors, will ultimately vest.

The Company has established a Share-Based Payment Reserve (SBPR). This reserve reflects the cumulative expense recognised from inception to the reporting date for all equity settled transactions.

Fair value of options granted

The fair value at grant date is determined using a binomial pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted include:

(i) Options are issued for nil consideration and on vesting are exercisable for up to one year.

(ii) The exercise price for all options granted to employees is nil cents per share.

(iii) Grant and expiry dates for each option issue are listed below.

(iv) Expected price volatility is in the range of 63 - 85%. Volatility was determined using data reports from Capital IQ and this data was utilised to value the options.

(v) Expected long term average dividend yield was nil% (2019: nil%).

Risk-free rates used were 1.9% for Tranche 1 and 2.1% for Tranches 2 and 3.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

8. Share Based Payments cont'd

a) Employee and Executive Incentive Plan (EEIP) cont'd

Fair value of options granted cont'd

Details of share options issued under the EEIP are as follows:

2020 Grant Date	Expiry Date	Exercise Price Number	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Lapsed / Forfeited during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
29 Mar 2018 Issue 12, 13 & 14	30 Sep 2022 [1]	Nil Cents	6,336,405	-	-	(1,541,288)	4,795,117	-
6 Aug 2018 Issue 15	30 Sep 2022 [1]	Nil Cents	513,763	-	-	-	513,763	-
4 Nov 2018 Issue 16, 17 & 18	30 Sep 2022 [1]	Nil Cents	342,508	-	-	-	342,508	-
20 Feb 2019 Issue 19	30 Jun 2020 [1]	Nil Cents	100,000	-	(100,000)	-	-	-
4 Apr 2019 Issue 20	28 Jan 2021 [1]	Nil Cents	200,000	-	-	-	200,000	200,000
17 Jul 19 Issue 21	17 Jul 2022 [1]	Nil Cents	-	600,000	-	-	600,000	-
			7,492,676	**600,000**	**(100,000)**	**(1,541,288)**	**6,451,388**	**200,000**
Weighted Average Exercise Price			**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

[1] The expiry date of these options is as per the vesting conditions outlined on pages 11-12.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

8. Share Based Payments cont'd

a) Employee and Executive Incentive Plan (EEIP) cont'd

Fair value of options granted cont'd

2019 Grant Date	Expiry Date	Exercise Price Number	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Lapsed / Forfeited during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
1 Sep 2015 Issue 11	1 Sep 2018	30 cents	1,000,000	-	(250,000)	(750,000)	-	-
29 Mar 2018 Issue 12, 13 & 14	30 Sep 2022 [13]	Nil Cents	6,336,405	-	-	-	6,336,405	-
6 Aug 2018 Issue 15	30 Sep 2022 [13]	Nil Cents	-	513,763	-	-	513,763	-
4 Nov 2018 Issue 16, 17 & 18	30 Sep 2022 [13]	Nil Cents	-	342,508	-	-	342,508	-
20 Feb 2019 Issue 19	30 Jun 2020 [13]	Nil Cents	-	100,000	-	-	100,000	100,000
4 Apr 2019 Issue 20	28 Jan 2021 [13]	Nil Cents	-	200,000	-	-	200,000	-
Total			**7,336,405**	**1,156,27**	**(250,000)**	**(750,000)**	**7,492,676**	**100,000**
Weighted Average Exercise Price			**4 cents**	**Nil**	**30 cents**	**30 cents**	**Nil**	**Nil**

The weighted average remaining contractual life for all outstanding options at the end of the financial year is 1.88 years (2019: 2.47 years).

There were no other options on issue during the financial year.

b) Payments for Services

There were no options issued for services during this or the previous financial year.

9. Remuneration of Auditors – BDO[1] and related network firms

	Consolidated	
	2020 $'000s	2019 $'000s
Audit and assurance services:		
Audit and review of financial statements	**227,500**	248,000
Other assurance services	**2,200**	-
Total audit and assurance services	**229,700**	248,000
Other services:		
Taxation services	**23,242**	38,000
Taxation services – acquisition related	**59,493**	64,100
Total other services	**82,735**	102,100
Total	**312,435**	350,100

[1] The BDO entity performing the audit of the Group transitioned from BDO East Coast Partnership to BDO Audit Pty Ltd on 25 November 2019. The disclosures include amounts received or due and receivable by BDO East Coast Partnership, BDO Audit Pty Ltd and their respective related entities.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

10. Trade and Other Receivables

	Consolidated 2020 $'000s	Consolidated 2019 $'000s
a) Current Receivables		
Trade receivables	**7,573**	14,175
Less expected credit loss	**(611)**	(325)
	6,962	13,850
Other	**-**	-
	6,962	13,850

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any loss allowance. Trade receivables are generally due for settlement within a range of 30 - 120 days.

b) Provision for expected credit loss	2020	2019
Balance at 1 July	**325**	459
Charge for the year	**909**	(37)
Receivables balances written off	**(623)**	(97)
Balance at 30 June	**611**	325

The loss allowance is based on a simplified model of recognising lifetime expected credit loss immediately upon recognition. These provisions are considered representative across all customers based on recent sales experience, historical collection rates and forward-looking information that is available. The amount of the loss allowance is recognised in profit or loss. Where a debt is known to be uncollectable, it is considered a bad debt and is written off.

An adjustment to the provision of $908,942 (2019: $36,912) was recognised as an expense during the financial year.

At reporting date, the ageing analysis of past due but not impaired trade receivables was as follows:

Provision for expected credit loss	Expected credit loss rate %	Carrying amount $'000s	Allowances for expected credit losses $'000s
Not overdue	0.8%	3,066	27
0 to 60 days overdue	4.3%	1,457	63
60 to 90 days overdue	2.1%	825	17
Over 90 days overdue	22.6%	2,225	504
Balance at 30 June 2020		**7,573**	**611**

Other balances within trade and other receivables do not contain impaired assets, are not considered past due and it is assumed these balances will be settled in full.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

11. Property, Plant and Equipment

	2020 $'000s			
30 June 2020	**Studio**	**Equipment**	**Improvements**	**Total**
Carrying Amount (Cost)				
Balance at start of the year	2,984	3,656	3,392	10,032
Acquired on business combination	2,117	75	-	2,192
Additions	1,431	820	497	2,748
Disposals	-	(3)	-	(3)
Balance at end of the year	6,532	4,548	3,889	14,969
Accumulated Depreciation				
Balance at start of the year	1,473	1,639	558	3,670
Disposals	-	(1)	-	(1)
Depreciation expense for the year	540	451	471	1,462
Balance at end of the year	2,013	2,089	1,029	5,131
Net Book Value				
Balance at start of the year	1,511	2,017	2,834	6,362
Balance at end of the year	4,519	2,459	2,860	9,838

	2019 $'000s			
30 June 2019	Studio	Equipment	Improvements	Total
Carrying Amount (Cost)				
Balance at start of the year	4,153	3,815	2,279	10,247
Additions	735	460	2,163	3,358
Disposals	(1,904)	(619)	(1,050)	(3,573)
Balance at end of the year	2,984	3,656	3,392	10,032
Accumulated Depreciation				
Balance at start of the year	3,016	1,938	1,076	6,030
Disposals	(1,802)	(761)	(735)	(3,298)
Depreciation expense for the year	259	462	217	938
Balance at end of the year	1,473	1,639	558	3,670
Net Book Value				
Balance at start of the year	1,137	1,877	1,203	4,217
Balance at end of the year	1,511	2,017	2,834	6,362

Recognition and Measurement

Property, Plant and Equipment

Property, plant and equipment is recorded at cost less accumulated depreciation. The carrying value of property, plant and equipment is reviewed for impairment at each reporting date. An asset's carrying value is written down immediately to its recoverable value, if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

11. Property, Plant and Equipment cont'd

Recognition and Measurement cont'd

Depreciation

Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessment for major items.

Depreciation is provided on a straight-line basis so as to write down the cost of assets in use, net of residual values over their expected useful life.

The expected useful life of property, plant and equipment is as follows:

- Studio facilities 8 years
- Computer equipment 4 years
- Motor vehicles 5 years
- Office equipment 5 years
- Plant and equipment 4 - 10 years
- Improvements 7 years

12. Deferred Tax Assets and Liabilities

a) Deferred tax assets

	Consolidated	
	2020	2019
	$'000s	$'000s
Deferred tax asset comprises temporary differences attributable to:		
Amount recognised in profit or loss		
Expected credit loss allowance	**183**	97
Plant and equipment	**-**	7
Employment provisions	**429**	561
Lease liabilities	**85**	-
Provision for make good	**80**	-
Accrued / other expenses	**427**	71
Deferred tax asset	**1,204**	736

b) Deferred tax liabilities

	Consolidated	
	2020	2019
	$'000s	$'000s
Prepayments	**68**	81
Intangible assets	**6,173**	4,388
Other deductions	**-**	168
	6,241	4,637

Information on the accounting policy for income and others taxes is disclosed in Note 6 of the financial statements.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

13. Right-of-use assets and lease liabilities

The group has adopted AASB 16 using the modified retrospective approach from 1 July 2019, and has therefore not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

The Group leases various property across Australia. The non-cancellable period for these leases is generally between 1 – 10 years.

Extension options are included in a number of the Group's lease agreements, which are used to maximise operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group does not have any options to purchase leased assets. Increase clauses are in line with market practices and include inflation-linked, fixed rates, resets to market rents and hybrids of these.

The carrying value of the right-of-use assets and lease liabilities is presented below:

a) Right-of-use assets

	Premises $'000s	Transmitter sites $'000s	Total $'000s
Cost	**12,684**	**2,179**	**14,863**
Accumulated depreciation	**(1,359)**	**(238)**	**(1,597)**
Carrying value	**11,325**	**1,941**	**13,266**
Balance at 1 July 2019	-	-	-
Adoption of AASB 16 [1]	12,076	783	12,859
Additions, modifications and other reassessments of leases	608	1,396	2,004
Depreciation	(1,359)	(238)	(1,597)
Balance at 30 June 2020	**11,325**	**1,941**	**13,266**

[1] Refer to note 2 for details related to the opening balances arising from the adoption of AASB 16 *Leases*.

b) Lease liabilities

	Premises $'000s	Transmitter sites $'000s	Total $'000s
Current	**695**	**241**	**936**
Non-current	**10,893**	**1,720**	**12,613**
Total	**11,588**	**1,961**	**13,549**
Balance at 1 July 2019	**-**	**-**	-
Adoption of AASB 16 [1]	11,810	782	12,592
New and modified leases	608	1,397	2,005
Cash payments	(1,165)	(273)	(1,438)
Interest expense	335	55	390
Balance at 30 June 2020	11,588	1,961	13,549

[1] Refer to note 2 for details related to the opening balances arising from the adoption of AASB 16 *Leases*.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

14. Investments accounted using the equity method

	Consolidated	
	2020	2019
	$'000s	$'000s
Digital Radio Broadcasting Melbourne Pty Ltd	**144**	**127**
Melbourne United Basketball Club Pty Ltd	**807**	**811**
	951	**938**

Recognition and Measurement

Investments in associates are accounted for in the financial statements by applying the equity method of accounting. The equity method of accounting reflects the treatment of equity investments in associate companies. An investor's proportional share of the associate company's net income increases the investment (and a net loss decreases the investment), and proportional payments of dividends decrease it. In the investor's income statement, the proportional share of the investee's net income or net loss is reported as a single-line item. Accordingly, investments in associates are carried in the Statement of Financial Position at cost plus any post-acquisition changes in the share of net assets of the associate less any impairment in value. When the business has significant influence over an entity that is not jointly controlled, it is deemed an associate.

Investments in Controlled Entities and Associates

Digital Radio Broadcasting Melbourne Pty Limited

The shareholding in Digital Radio Broadcasting Melbourne Pty Limited is accounted for using the equity method of accounting and the current shareholding is 18.2%. The Company is considered to have significant influence due to its voting rights. For the reporting period, the company recorded an increase in the value of the investment of $0.017 million (2019: decrease of $0.040 million) attributable to its share of profits.

Information relating to the associate is set out below:

	Consolidated	
	2020	2019
	$'000s	$'000s
Associate gross assets and liabilities		
Current assets	**402**	408
Non-current assets	**434**	440
Total assets	**836**	848
Current liabilities	**19**	24
Non-current liabilities	**71**	71
Total liabilities	**90**	95
Net assets	**746**	753
Associate gross revenue, expenses and results		
Revenues	**1,474**	1,047
Expenses	**1,378**	(1,269)
Profit / (Loss) for the year before tax	**96**	(222)
Share of Profit / (Loss) for the year	**17**	(40)

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

14. Investments accounted using the equity method cont'd

Investments in Controlled Entities and Associates cont'd

Melbourne United Basketball Club Pty Limited

The shareholding in Melbourne United Basketball Club Pty Limited is accounted for using the equity method of accounting and the current shareholding is 25% (2019: 25%). The Company is considered to have significant influence due to its voting rights. For the reporting period, the company recorded a decrease in the value of the investment of $0.004 million (2019: decrease of $0.189 million) attributable to its share of losses.

Information relating to the associate is set out below.

	Consolidated	
	2020	2019
	$'000s	$'000s
Associate gross assets and liabilities		
Current assets	**2,516**	1,105
Non-current assets	**671**	763
Total assets	**3,187**	1,868
Current liabilities	**2,785**	2,511
Non-current liabilities	**414**	118
Total liabilities	**3,199**	2,629
Net assets	**(12)**	(761)
Associate gross revenue, expenses and results		
Revenues	**11,230**	12,170
Expenses	**(11,246)**	(12,926)
Loss for the year before tax	**(16)**	(756)
Share of Loss for the year	**(4)**	(189)

15. Assets classifies as held for sale

Assets classified as held for sale

	Consolidated	
	2020	2019
	$'000s	$'000s
Radio licences - indefinite useful life	**5,020**	-
Total Radio licences	**5,020**	-

1377AM Melbourne Radio Broadcasting Licence

On 16 July 2020, the Group completed the sale of the 1377AM commercial radio broadcasting licence for a cash consideration of $4.478 million plus an offset of liabilities which are being transferred to the purchaser. This is expected to result in a loss on disposal, which is not expected to be material, which will be recognised in the Statement of Profit or Loss and Other Comprehensive Income in the financial year ended 30 June 2021.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

16. Intangible Assets

	Consolidated	
	2020	2019
	$'000s	$'000s
Broadcasting & Media		
Goodwill – indefinite useful life	**8,283**	8,358
Radio licences - indefinite useful life	**6,293**	8,169
Patents and trademarks – indefinite useful life	**138**	132
Broadcast rights – finite useful life	**8,242**	9,280
Broadcast rights – amortisation	**(1,854)**	(1,160)
	6,388	8,120
Supplier relationships – finite useful life	**6,467**	7,437
Supplier relationships – amortisation	**(1,455)**	(930)
	5,012	6,507
Website and computer software – finite useful life	**1,519**	658
Website and computer software – amortisation	**(435)**	(176)
	1,084	482
Total Broadcasting & Media	**27,198**	31,768
Regional Radio Licences – Dormant		
Radio licences– indefinite useful life	**4,172**	-
Total Regional Radio Licences - Dormant	**4,172**	-
Publications		
Goodwill – indefinite useful life	**2,468**	-
Brand and distribution rights – indefinite useful life	**7,958**	7,958
Total Publications	**10,426**	7,958
Complementary Services – Precision Talent Management		
Talent contracts – finite useful life	**1,429**	-
Talent contracts - amortisation	**(218)**	-
Total Complementary Services – Precision Talent Management	**1,211**	-
Total Intangibles	**43,007**	39,726

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

16. Intangible Assets cont'd

a) Reconciliation of net book value

Net Book Value	Goodwill $'000s	Brand and distribution rights $'000s	Radio licences $'000s	Broadcast rights $'000s	Supplier relationships $'000s	Talent Contracts $'000s	Patents and Trademarks $'000s	Mastheads $'000s	Websites and Computer software $'000s	Total $'000s
Balance at 1 July 2019	8,358	7,958	8,169	8,120	6,507	-	132	-	482	39,726
Acquired on business combination	5,759	-	-	-	-	1,429	-	-	-	7,188
Additions	-	-	7,316	-	-	-	5	-	861	8,182
Cancellation [1]	-	-	-	(805)	(751)	-	-	-	-	(1,556)
Amortisation	-	-	-	(927)	(743)	(218)	-	-	(259)	(2,147)
Impairment	(3,366)	-	-	-	-	-	-	-	-	(3,366)
Reclassifications - held for sale [2]	-	-	(5,020)	-	-	-	-	-	-	(5,020)
Balance at 30 June 2020	**10,751**	**7,958**	**10,465**	**6,388**	**5,013**	**1,211**	**137**	**-**	**1,084**	**43,007**

[1] On 5 May 2020, a syndication agreement was mutually terminated with Nine Radio (formerly Macquarie Media) which included National Rugby League (NRL) radio broadcasting rights. The intangible assets recognised for broadcast rights and supplier relationships from the acquisition of Crocmedia Pty Ltd in March 2018 has therefore been derecognised and expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

[2] At 30 June 2020, the 1377AM Melbourne radio broadcasting licence held by the Group was reclassified as held for sale.

Net Book Value	Goodwill $'000s	Brand and distribution rights $'000s	Radio licences $'000s	Broadcast rights $'000s	Supplier relationships $'000s	Talent Contracts $'000s	Patents and Trademarks $'000s	Mastheads $'000s	Websites and Computer software $'000s	Total $'000s
Balance at 1 July 2018	8,358	-	8,169	9,046	7,252	-	122	1,280	163	34,390
Acquired on business combination	-	7,958	-	-	-	-	-	-	-	7,958
Additions	-	-	-	-	-	-	10	-	413	423
Impairment	-	-	-	-	-	-	-	(1,280)	-	(1,280)
Amortisation	-	-	-	(926)	(745)	-	-	-	(94)	(1,765)
Balance at 30 June 2019	**8,358**	**7,958**	**8,169**	**8,120**	**6,507**	**-**	**132**	**-**	**482**	**39,726**

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

16. Intangible Assets cont'd

b) Recognition and Measurement

Intangible assets with an indefinite useful life

Radio licences

Radio licences are stated at cost. Analogue licences are renewed for a minimal cost every five years under the provisions of the Broadcasting Services Act 1992. Licences are a tradeable commodity and have an underlying value, which is ultimately determined by agreement between vendor and purchaser. Directors understand that the revocation of a radio licence has never occurred in Australia and have no reason to believe the licences have a finite life. These licences are not amortised since in the opinion of the Directors the licences have an indefinite useful life.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses.

Patents and trademarks

Patents and trademarks are not amortised as they are determined to relate to the indefinite useful life of the radio licences.

Brand and distribution rights

Brand and distribution rights is carried at cost. The rights provide the Group access to the usage of the AFL brand for the publication of AFL Record, and access to all stadia where AFL fixtures are held for the sale of the publications. Brand and distribution rights acquired through the purchase of the AFL Publications business have been assessed as having indefinite useful lives. This assessment reflects the purchase agreement which stipulates that the rights to branding and distribution will be ongoing whilst the publication continues to be in circulation. Management's intention is to continue to utilise these rights into the foreseeable future.

Intangible assets with an indefinite useful life are tested for impairment annually and at each reporting date to assess whether there is an indication that the carrying value may be impaired.

Intangible assets with a finite useful life

Intangible assets with a finite life such as websites, computer software, supplier relationships, customer relationships, talent contracts, and broadcast rights are amortised on a systematic basis over their expected useful life.

The following estimated useful life is used in determining the amortisation cost for tangible assets with a finite life:

- Websites – 5 years
- Computer software – 5 years
- Supplier relationships – 10 years
- Talent contracts – 6 years
- Broadcast rights – 10 years

The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss and Other Comprehensive Income in the line item 'Depreciation and amortisation'.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

16. Intangible Assets cont'd

c) Intangible Asset Impairment

Goodwill and intangible assets with an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Other intangible assets are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or groups of assets (cash generating units).

Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis and an assessment of the recoverable amount of the intangible is made each reporting period to ensure this is not less than its carrying amount.

Intangibles are tested annually for impairment at CGU level. Intangibles have been allocated to three CGUs for impairment testing as follows:

	Radio Licences	**Goodwill**	**Patents and Trademarks**	**Brand and distribution rights**	**Total**
2020	**$'000s**	**$'000s**	**$'000s**	**$'000s**	**$'000s**
Broadcasting & Media	**6,293**	**11,649**	**137**	**-**	**18,079**
Regional Radio Licences	**4,172**	**-**	**-**	**-**	**4,172**
Publications	**-**	**2,468**	**-**	**7,958**	**10,426**
	10,465	**14,117**	**137**	**7,958**	**32,677**

	Radio Licences	Goodwill	Patents and Trademarks	Brand and distribution rights	Total
2019	$'000s	$'000s	$'000s	$'000s	$'000s
Broadcasting & Media	8,169	8,358	132	-	16,659
Regional Radio Licences	-	-	-	-	-
Publications	-	-	-	7,958	7,958
	8,169	8,358	132	7,958	24,617

Intangibles are tested annually for impairment at CGU level and the recoverable amount of the Broadcasting and Media, and the Publications CGUs have been determined based on the value in use method. The recoverable amount of Regional Radio Licences have been determined based on fair value less cost of disposal ("FVLCD").

The recoverable amount of the Broadcasting & Media CGUs has been determined based on value in use calculations, using a discounted cash flow methodology which requires the use of assumptions. The calculations use cash flow projections based on the annual budget and adjusted cash flow forecasts for up to five years. Cash flows beyond the forecast period are extrapolated using the estimated growth rates stated below.

The Group considered the following three scenarios, each carrying a probability weighting to determine a recoverable amount:

- Base case – The Group's budgeted Underlying EBITDA for the year ending 30 June 2021
- Lower case – A % reduction applied against the Base case revenue budgeted
- Worst case - A further % reduction applied against the Base case revenue budgeted

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

16. Intangible Assets cont'd

c) Intangible Asset Impairment cont'd

The key assumptions under each scenario are as follows:

Broadcasting & Media CGU

Key assumption	Worst Case	Lower Case	Base Case
Approach	Base case less a reduction on revenue from 30% in Year 1, improving over Years 2, 3, and 4 before a 10% reduction to revenue in Year 5.	Base case less a reduction on revenue from 20% in Year 1, improving over Years 2, 3, and 4 before a 5% reduction to revenue in Year 5.	Based on the Group's budget for the Media & Content CGU on management's forecasts and using assumptions around the impact of COVID-19, market growth, market share, and adjusting for past performances and market trends.
Long term growth rate	2.00%	2.00%	2.00%
Terminal growth rate	1.50%	1.50%	1.50%
Discount rate (post-tax)	10.78%	10.78%	10.78%
Probability weighting	10%	30%	60%
Headroom / (Deficit)	$(46.445) million	$(17.293) million	$10.777 million
Probability weighted Deficit			$(3.366) million

The Group determined that as a result of the Value in Use methodology, a probability weighted deficit of value in use when compared to the Carrying Value of the Broadcasting & Media CGU. Accordingly, an impairment expense of $3.366 million was recognised in the statement of profit or loss and other comprehensive income in the line item 'Impairment of intangible assets' for the year ended 30 June 2020.

Publications CGU

Key assumption	Worst Case	Lower Case	Base Case
Approach	Base case less a reduction on revenue from 30% in Year 1, improving over Years 2, 3, and 4 before a 10% reduction to revenue in Year 5.	Base case less a reduction on revenue from 20% in Year 1, improving over Years 2, 3, and 4 before a 5% reduction to revenue in Year 5.	Based on the Group's budget for the Publications CGU on management's forecasts and using assumptions around the impact of COVID-19, market growth, market share, and adjusting for past performances and market trends.
Long term growth rate	2.00%	2.00%	2.00%
Terminal growth rate	1.50%	1.50%	1.50%
Discount rate (post-tax)	10.78%	10.78%	10.78%
Probability weighting	10%	30%	60%
Headroom / (Deficit)	$(1.025) million	$3.619 million	$11.970 million
Probability weighted Deficit			$8.165 million

The Group concluded the recoverable amount resulting from the value in use methodology is appropriate in supporting the carrying value of the Publications CGU and no impairment was recognised for the year ended 30 June 2020.

Regional Radio Licences

The recoverable amount for the Regional Radio Licences CGU has been determined based on the Fair Value Less Cost of Disposal method. As the licences are not currently generating their own cash flows, and were only recently acquired in the financial year ended 30 June 2020, management have determined that Fair Value Less Cost of Disposal ("FVCLD") as the appropriate method of valuation until the licences are activated and generating cash flows.

The Group determined, and concluded the recoverable amount resulting from the FVLCD methodology is appropriate in supporting the carrying value of the Regional Radio Licence CGU and no impairment was recognised for the year ended 30 June 2020.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

17. Trade and Other Payables

	Consolidated 2020 $'000s	Consolidated 2019 $'000s
Trade payables	**7,098**	3,562
PAYG payable	**378**	439
GST payable	**3**	535
Other creditors and accruals	**3,088**	4,880
	10,567	9,416

Recognition and Measurement

Trade and Other Payables

Trade payables and other payables are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

Trade and other payables are initially measured at fair value, and subsequently amortised at cost.

18. Provisions

	Consolidated 2020 $'000s	Consolidated 2019 $'000s
Employee provisions - current	**1,197**	1,625
Total current	**1,197**	1,625
Employee provisions – non-current	**232**	243
Lease make good provisions – non-current	**267**	-
Total non-current	**499**	243
	1,696	1,868

Recognition and Measurement

Employee benefits provisions

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Lease make good provisions

The lease make good provision includes the Group's best estimate of the amount required to return the Group's leased premises to their original condition.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

19. Borrowings

	Consolidated	
	2020	2019
	$'000s	$'000s
Bank loan- current	**5,913**	101
Bank loan – non-current	**8,906**	8,347
	14,819	8,448

Recognition and Measurement

Borrowing costs are recognised as an expense in the statement of profit or loss in the period in which they are incurred.

Debt Maturity

The Company has a $28.600 million facility including the $13.500 million extension in June 2020, with the Commonwealth Bank of Australia which expires on 31 August 2021.

Included in current bank loans is a $5.613 million market rate loan, which is subject to an annual review, however, is payable on the maturity date of the facility on 31 August 2021.

Debt Facility Extension

In June 2020, the Group extended its existing $15.100 million debt facility with its existing financier. The facility provides an additional $13.500 million of debt funding predominantly for working capital purposes. As of the date of this report, all $13.500 million has yet to be utilised.

Debt Covenants

The Company was fully compliant with banking covenants for the first three quarters of the financial year ended 30 June 2020. As a result of the economic impact of COVID-19, the Company has been provided a banking covenant waiver as part of the debt funding facility extension in June 2020, whereby it allows the Company to breach the existing covenant requirements until 31 March 2021.

Debt Security

CBA have first ranking security over all assets of the Company and its subsidiaries.

Debt Facility - Financial Undertakings

The agreement under which the Commonwealth Bank of Australia facilities have been made available contains financial undertakings typical for facilities of this nature.

The undertakings include financial undertakings that are to be tested at financial year end and financial half-year end based on the preceding 12-month period.

The financial undertakings relate to both leverage and interest coverage and include:

- Annual financial statements to be provided by 30 November of each calendar year;
- Group management accounts to be provided within 45 days of end of the quarter;
- Compliance certificate to be provided within 45 days of each calendar quarter;
- Budgets for next financial year to be provided by 31 July each year; and
- ASX notices are to be advised within seven days of release to the market.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

20. Issued Capital

Contributed Equity

	2020 No.	2019 No.
Number of shares on issue	**213,604,963**	202,941,469
	$'000s	$'000s
Total amount paid on these shares	**57,209**	54,716

	2020		2019	
	No. '000s	**$'000s**	No. '000s	$'000s
Fully Paid Ordinary Share Capital				
Balance at beginning of financial year	**202,941**	**54,716**	202,691	54,642
Issue of shares – EEIP	**100**	**31**	250	74
Issue of shares – Business Combination	**1,786**	**500**	-	-
Issue of shares – Placement	**8,778**	**1,975**	-	-
Share issue costs	**-**	**(13)**	-	-
Total issued shares during the year	**10,664**	**2,493**	250	74
Balance at the end of the year	**213,605**	**57,209**	202,941	54,716

Recognition and Measurement

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity.

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up in proportion to the number of and amounts paid on shares held.

The fully paid ordinary shares have no par value.

Terms and Conditions of Issued Capital Ordinary Shares

Ordinary shareholders have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amounts of paid up shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy at a meeting of shareholders.

Details of share options on issue are disclosed in Note 8.

21. Accumulated losses

	Consolidated	
	2020 $'000s	2019 $'000s
Balance at 1 July	**(11,615)**	(15,634)
Net (loss) / profit	**(4,360)**	3,452
Transfer of lapsed and exercised share options	**-**	567
Balance at 30 June	**(15,975)**	(11,615)

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

22. Earnings per Share

Basic and diluted (loss) / earnings per Share

The profit / (loss) and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	2020	2019
Weighted average number of ordinary shares on issued for calculation of:	**No. '000s**	No. '000s
Basic ordinary shares	**204,504**	**202,895**
Diluted ordinary shares	**204,504**	**209,534**
	$'000s	$'000s
Continued operations		
(Loss) / Profit for the year	**(4,360)**	2,923
Basic (loss) / earnings (cents per share)	**(2.13)**	1.44
Diluted (loss) / earnings (cents per share)	**(2.13)**	1.39
Discontinued operations		
Profit for the year	**-**	529
Basic earnings (cents per share)	**-**	0.26
Diluted earnings (cents per share)	**-**	0.25
Total operations		
(Loss) / profit for the year	**(4,360)**	3,452
Basic (loss) / earnings (cents per share)	**(2.13)**	1.70
Diluted (loss) / earnings (cents per share)	**(2.13)**	1.64

In July 2020, as part of a fully underwritten pro-rata non-renounceable entitlement offer to eligible shareholders, the Group issued 6,782,331 ordinary shares. Had these ordinary shares been issued prior to 30 June 2020 would have had an effect on the basic and diluted loss per share for the current year.

Recognition and Measurement

(i) Basic earnings / (loss) per Share

Basic earnings / (loss) per share is determined by dividing the profit / (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary share issues during the year.

(ii) Diluted earnings / (loss) per Share

Diluted earnings / (loss) per share adjusts the amounts used in determining basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shareholders and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

23. Commitment for Expenditure

	Consolidated	
	2020	2019
	$'000s	$'000s
Less than 1 year	**-**	1,353
Between 1 and 5 years	**-**	4,863
Greater than 5 years	**-**	225
Balance at 30 June	**-**	6,441

The above relate to properties with lease terms between 5 and 8 years with options to renew for a further 6 years for some leases. The Company has given bank guarantees as at 30 June 2020 of $68,750 (2018: $381,271) to various landlords.

24. Contingent Assets and Liabilities

As at the reporting date, the Group is in continued negotiations with the Australian Football League with a view to a reduction to the radio broadcast licensing fees payable to the Australia Football League (AFL) for the 2020 AFL Season. As a result of COVID-19, the regular AFL season has been significantly reduced from a 23 round regular season played out from March to August, to a condensed 17 round regular season being played between June and September.

Similarly, the Group is also currently negotiating potential adjustments to corporate suite lease fees as a result of the significant effect that COVID-19 has had on the 2020 Australian sporting events including the AFL, NRL, and A League. Negotiations are currently taking place with the relevant stadium owners and operators across Australia.

The likelihood of successful outcomes for the Group on corporate suite facility fees, and AFL radio broadcasting is probable, however an estimated receivable cannot be reliably estimated. No asset has been recognised within these financial statements.

Other than the above noted contingencies, there were no material claims or disputes of a contingent nature against the Company and its subsidiaries.

25. Controlled Entities

Entity – Investment in ordinary shares	Country of Incorporation	Ownership Interest	
		2020	2019
		%	%
Parent Entity			
Pacific Star Network Limited	Australia	**100**	100
Controlled Entities			
Victorian Radio Network Pty Ltd	Australia	**100**	100
Malbend Pty Ltd	Australia	**100**	100
Morrison Media Services Pty Ltd	Australia	**100**	100
Inside Football Pty Ltd	Australia	**100**	100
Crocmedia Pty Ltd	Australia	**100**	100
Thread Communications Pty Ltd	Australia	**100**	100
Ballpark Entertainment Pty Ltd	Australia	**100**	100
Bravo Management Pty Ltd	Australia	**100**	100
AFL Nation Pty Ltd	Australia	**100**	100
Rapid TV Pty Ltd	Australia	**100**	-
Rapid Broadcast Pty Ltd	Australia	**100**	-
Associate			
Digital Radio Broadcasting Melbourne Pty Ltd	Australia	**18**	18
Melbourne United Basketball Club Pty Ltd	Australia	**25**	25

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

26. Segment Information

The company operates in the Media industry in Australia. There are three operating segments – media, complementary services, and head office.

AASB 8 requires operating segments to be disclosed in a manner that reflects the management information reviewed by the CODM. The financial performance of each segment is reviewed by CODM at the level of earnings before interest, tax, depreciation and amortisation (EBITDA), pre AASB 16 Leases adjustments

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. Accordingly, reporting segments have been determined based on business and cash generating units at the reporting date, as this forms the basis of reporting to the Board (CODM).

Unallocated items

Income tax expense is not allocated to operating segments as it is not considered part of the core operations of any segment.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board, being the chief operating decision-makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Company.

Intersegment transactions

Internally determined management fees are set for intersegment activities and all such transactions are eliminated on consolidation of the financial statements.

30 June 2020	**Media $'000s**	**Complem-entary $'000s**	**Head Office $'000s**	**Total $'000s**
Segment Revenue	**53,959**	**11,062**	**1,764**	**66,785**
Underlying EBITDA pre AASB 16	**7,121**	**302**	**(2,928)**	**4,495**
Rent expense adjustment from AASB 16	**307**	**-**	**1,305**	**1,612**
Depreciation & Amortisation	**(552)**	**(219)**	**(4,514)**	**(5,285)**
Earnings before interest, tax & significant items	**6,876**	**83**	**(6,137)**	**822**
Net finance cost	**-**	**-**	**(866)**	**(866)**
Impairment of Broadcasting & Media Goodwill	**(3,366)**	**-**	**-**	**(3,366)**
Loss on cancellation of intangible assets	**(1,556)**	**-**	**-**	**(1,556)**
Restructuring costs	**(18)**	**-**	**(309)**	**(327)**
Segment profit / (loss) before tax	**1,936**	**83**	**(7,312)**	**(5,293)**

30 June 2019	Media[1] $'000s	Complem-entary $'000s	Head Office $'000s	Total $'000s
Segment Revenue	55,411	11,428	168	67,007
Underlying EBITDA	16,350	1,904	(9,245)	9,009
Depreciation & Amortisation	(396)	(1)	(2,348)	(2,745)
Earnings before interest, tax & significant items	15,954	1,903	(11,593)	6,264
Net finance cost	(3)	(1)	(472)	(476)
Restructuring costs	(8)	-	(944)	(952)
Segment profit / (loss) before tax	15,943	1,902	(13,009)	4,836

[1] Excludes discontinued operations segment revenue of $0.879 million and segment profit before tax of $0.529 million recorded through the discontinued operations of Morrison Media.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

27. Related Party Disclosures

a) Equity Interests in Related Parties

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 25 of this report. Details of interests in associates and loans due from associates are disclosed in Note 14.

b) Remuneration and Retirement Benefits

Details of Key Management Personnel remuneration is disclosed in the Directors' Report and Note 7.

c) Transactions with Key Management Personnel

The Company has an agreement with Craig Hutchison Media Pty Ltd for the provision of talent appearances and services totalling $400,000 for the reporting period.

The Company had a lease agreement which terminated on 31 July 2018 with Infuture One Pty Ltd, as trustee for Infuture One Trust, for office and studio premises. The majority unit holder in the Trust is Ronald Hall, a director and major shareholder of the Company.

The terms and conditions of both agreements are on an arm's length basis similar to those negotiable with non-related third parties.

Profit before income tax includes the following expense resulting from transactions with directors or their director-related entities:

	Consolidated	
	2020	2019
	$'000s	$'000s
Lease payments	**-**	39
Talent & Consulting services	**400**	400
Total	**400**	439

d) Parent Entity

The parent entity in the consolidated entity is Pacific Star Network Limited.

The parent entity in the wholly-owned group is Pacific Star Network Limited.

The ultimate Australian parent entity is Pacific Star Network Limited.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

28. Note to The Statement of Cash Flows

a) Reconciliation of Cash

	Consolidated	
	2020	2019
	$'000s	$'000s
Cash assets	**7,652**	4,934

b) Reconciliation of Profit/(Loss) after Income Tax to Net Cash Flows from Operating Activities

	Consolidated	
	2020	2019
	$'000s	$'000s
Net (loss) / profit after income tax	**(4,360)**	3,452
Depreciation and amortisation of non-current assets	**5,285**	2,745
Intangibles impairment and asset write-off	**3,366**	-
Loss on cancellation of Intangible assets	**1,556**	-
Share based payments – EEIP	**82**	760
Prepaid advertising revenue from AFL Publications acquisition	**(400)**	(872)
2018 Season AFL Record profits	**-**	(1,394)
Loss on disposal of non-current assets	**2**	112
Gain on disposal of Morrison Media Services business	**-**	(506)
(Profit) / loss on investment in associates	**(13)**	229
Change in operating assets and liabilities (net of effects from acquisition of businesses):		
- decrease / (increase) in receivables and prepayments	**7,020**	(1,020)
- decrease / (increase) in deferred tax assets	**(468)**	376
- increase / (decrease) in payables	**2,903**	(982)
- decrease in provisions	**(477)**	(145)
- increase in deferred revenue	**2**	-
- (decrease) / increase current tax liabilities	**(451)**	1,353
- decrease deferred tax liabilities	**(1,214)**	(768)
Net cash inflows from operating activities	**12,833**	3,340

c) Recognition and Measurement

Cash and Cash Equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

29. Parent Entity Disclosures

	Parent Entity	
	2020	2019
	$'000s	$'000s
Result of the Parent Entity		
Loss for the year after tax	**(3,481)**	(4,271)
Total comprehensive loss for the year	**(3,481)**	(4,271)
Summarised Statement of Financial Position		
Current Assets	**2,061**	4,752
Total Assets	**47,979**	36,462
Current Liabilities	**(6,862)**	(595)
Total Liabilities	**(21,076)**	(8,622)
Net Assets	**26,903**	27,840
Share Capital	**57,209**	54,716
Share Based Payment Reserve	**992**	941
Accumulated Losses	**(31,298)**	(27,817)
Total Equity	**26,903**	27,840

The Company has not provided any guarantees at reporting date (2019: Nil).

There were no contingent liabilities or capital commitments at reporting date (2019: Nil).

30. Events subsequent to reporting date

Acquisition of 2CH

On 1 July 2020, the Group acquired 100% of the shares in EON 2CH Pty Ltd (EON), for a cash consideration of $5.000 million paid on completion on 1 July 2020, and a scrip consideration of $2.780 million in fully paid ordinary shares in the Company.

EON is the owner of all the shares in the licensee of the 2CH 1170AM radio broadcasting licences in Sydney, NSW. 2CH operates a music broadcast format with 3.8% audience share in metropolitan Sydney, NSW, Australia's largest radio advertising market. The acquisition expands the Group's owned radio platform and audience reach into Sydney.

Due to the proximity of the acquisition to the release of the financial statements, the Group has not yet completed the purchase price allocation for the acquisition. The Group has acquired net tangible liabilities of $1.415 million, along with intangible assets of $6.112 million which is largely comprised of the 1170AM Sydney commercial broadcasting radio licence and the right of use assets. The Group is still performing its purchase price allocation for the acquisition and will include a provisional fair value assessment for the acquisition in the financial statements of the Group for the half year ending 31 December 2020.

Acquisition of radio licences

On 1 July 2020, the Group acquired three narrowband area radio licences for a cash consideration of $1.600 million upon completion on 1 July 2020, deferred consideration of $4.893 million in cash payable over eight quarterly instalments, with the final instalment payable on 1 July 2022.

The narrowband radio licences acquired are 1539AM Sydney, 1593AM Melbourne and 90.7FM Darwin, and will form part of SENTrack, Australia's first independent racing harness and greyhound radio racing service launched in March 2020.

The acquisition expands the Group's radio-led content distribution strategies, expands the Group's owned radio platforms and mass audience reach, and provides opportunities to leverage PNW's national sales team, broadcast rights and content portfolio.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

30. Events subsequent to reporting date cont'd

Disposal of 1377AM radio licence

On 16 July 2020, the Group completed the disposal of the 1377AM Melbourne radio broadcasting licence for a cash consideration of $4.478 million.

Fully Underwritten Non-Renounceable Entitlement Offer

In July 2020, the Group successfully completed a fully underwritten pro-rata non-renounceable entitlement offer ("Entitlement Offer") to eligible shareholders. The Entitlement Offer successfully issued 6,782,331 ordinary shares at $0.225 per share, raising $1.526 million in funds (before equity raising costs).

31. Business Combinations

Rapid TV

On 19 July 2019, the Group acquired 100% of Rapid TV Pty Ltd and Rapid TV Broadcast Pty Ltd for a cash consideration of $2.223 million, deferred contingent consideration of up to $0.400 million in cash and an issuance of 600,000 performance rights to acquire the fully paid ordinary shares in the Company, both of which have been determined to be performance incentives and do not form a component of the purchase consideration. The deferred contingent consideration and the exercising of the performance rights are subject to the achievement of performance targets during the first twelve months following acquisition, and a service period of 24 months.

Rapid TV provides live satellite and internet-based vision transfer services through state-of-the-art facilities, in Australia and internationally and will integrate seamlessly with the Group's Rainmaker division providing dedicated television production services to both broadcasters and brands, including production, filming, editing, talent sourcing and delivery.

Details of the purchase consideration, and finalised fair values of the net assets acquired and goodwill at the date of acquisition are as follows:

	Fair Value $'000s
Fair Values of assets and liabilities assumed at the date of acquisition	
Property, plant and equipment	1,887
Net Identifiable Assets Acquired	**1,887**

Settlement of purchase consideration	**$'000s**
Cash paid	2,223
Purchase consideration	**2,223**

The goodwill arising on the acquisition was as follows:

	$'000s
Purchase consideration	2,223
Less: fair value of net identifiable assets acquired	(1,887)
Goodwill arising on acquisition	**336**

An amount of $0.012 million for the year ended 30 June 2020 has been recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the significant/restructuring costs line item relating to once-off legal, due diligence, corporate advisory and independent report costs incurred in completing the acquisition.

The acquired business contributed reduced production costs in the Rainmaker TV content division, however a direct contribution to the Group's net profit is not determinable for the year

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

31. Business Combinations cont'd

Precision Talent Management

On 21 August 2019, the Group completed the acquisition of 100% of the business assets in Precision Talent Management Pty Ltd for a total consideration of $1.000 million. The effective date where the Group obtained control of the business was 1 August 2019. The purchase price was funded, 50% from existing cash reserves, and 50% from PNW scrip.

Precision aligns with the Group's 'Whole of Sport' offering, representing over 80 past and present AFL and AFLW players and coaches, cricketers and other media talent.

Details of the purchase consideration, and finalised fair values of the net assets acquired and goodwill at the date of acquisition are as follows:

	Fair Value $'000s
Fair Values of assets and liabilities assumed at the date of acquisition	
Intangibles – Talent Contracts	1,429
Deferred tax liabilities	(429)
Net Identifiable Assets Acquired	**1,000**

Settlement of purchase consideration	**$'000s**
Cash paid	500
Equity instruments (1,785,716 shares)	500
Purchase consideration	**1,000**

The goodwill arising on the acquisition was as follows:

	$'000s
Purchase consideration – shares issued	500
Purchase consideration – cash	500
Less: Fair value of identifiable assets	-
Less: Fair value of intangible contracts acquired – Talent Contracts	(1,429)
Add: Deferred tax liability – on intangibles recognised	429
Goodwill arising on acquisition	**-**

An amount of $0.029 million for the year ended 30 June 2020 has been recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the significant/restructuring costs line item relating to once-off legal, due diligence, corporate advisory and independent report costs incurred in completing the acquisition.

The acquired business contributed revenues of $0.648 million and net profit after tax of $ 0.204 million for the eleven months to 30 June 2020. Had the business combination occurred as of the beginning of the reporting period, the results would not have been materially different.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

31. Business Combinations cont'd

Lifestyle1

On 20 January 2020, the Group completed the acquisition of 100% of the business assets in the Lifestyle1 publishing business for a total cash consideration of $0.080 million, with $0.046 million paid in December 2019, and the balance paid upon completion.

Details of the purchase consideration, and finalised fair values of the net assets acquired and goodwill at the date of acquisition are as follows:

	Fair Value $'000s
Fair Values of assets and liabilities assumed at the date of acquisition	
Property, plant and equipment	17
Provision for employee entitlements	(25)
Net Identifiable Liabilities Acquired	**(8)**

Settlement of purchase consideration	**$'000s**
Purchase price	80
Purchase price adjustments	(7)
Purchase consideration	**73**

The finalised goodwill arising on the acquisition was as follows:

	$'000s
Purchase consideration	73
Add: fair value of net identifiable liabilities acquired	8
Goodwill arising on acquisition	**81**

An amount of $0.015 million for the year ended 30 June 2020 has been recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the significant/restructuring costs line item relating to once-off legal, due diligence, corporate advisory and independent report costs incurred in completing the acquisition.

The acquired business contributed revenues of $0.265 million and net profit after tax of $ 0.013 million for the five months to 30 June 2020. Had the business combination occurred as of the beginning of the reporting period, the business would have contributed approximately $0.636 million in revenues and net profit after tax of $0.030 million.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

31. Business Combinations cont'd

Spirit Bunbury

On 1 May 2020, the Group acquired 100% of the business assets in the Spirit 621AM Bunbury business for a total cash consideration of $3.220 million net of purchase price adjustments, paid upon completion.

The Bunbury and South West area which Spirit broadcasts into, represents the largest population in Western Australia outside of Perth. The region contains an extensive selection of commercial and community enterprises. The acquisition of Spirit aligns with PNW's radio-led content distribution strategies, expands the Group's owned radio platforms and mass audience reach, and provides opportunities to leverage PNW's national sales team, broadcast rights and content portfolio.

Details of the purchase consideration, and provisional fair values of the net assets acquired and goodwill at the date of acquisition are as follows:

	Fair Value $'000s
Fair Values of assets and liabilities assumed at the date of acquisition	
Property, plant and equipment	288
Deferred tax assets (on employee benefits)	4
Right-of-use assets	179
Provision for employee entitlements	(13)
Deferred revenue	(14)
Lease liabilities	(179)
Net Identifiable Assets Acquired	**265**

Settlement of purchase consideration	**$'000s**
Purchase price	3,243
Purchase price adjustments	(23)
Purchase consideration	**3,220**

The Group have identified intangible assets of a radio licence and customer relationships for which fair values have not yet been determined. The values of the radio licence and customer relationships identified are currently included in the provisional goodwill noted below and will be separated when the provisional accounting is finalised.

The Group will finalise its fair value assessment for the acquisition of Spirit Bunbury in the financial statements of the Group for the year ending 30 June 2021.

The provisional goodwill arising on the acquisition was as follows:

	$'000s
Purchase consideration	3,220
Less: provisional value of net identifiable assets acquired	(265)
Provisional goodwill arising on acquisition	**2,955**

An amount of $0.054 million for the year ended 30 June 2020 has been recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the significant/restructuring costs line item relating to once-off legal, due diligence, corporate advisory and independent report costs incurred in completing the acquisition.

The acquired business contributed revenues of $0.118 million and net profit after tax of $ 0.061 million for the two months to 30 June 2020. Had the business combination occurred as of the beginning of the reporting period, the business would have contributed approximately $0.496 million in revenues and net profit after tax of $0.256 million.

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

32. Discontinued Operations

On 13 September 2018, the Group sold 100% of the Morrison Media Services Pty Ltd business which created the Frankie Press and Smith Journal publications. Total sale consideration was $2.400 million less working capital adjustments with 70% payable on completion ($1.233 million received) and 30% on 28 June 2019 ($0.720 million received). The proceeds of sale exceeded the carrying amount of the related net assets and, accordingly, a profit on sale was recognised.

The disposal aligns with the Group's strategic direction focusing on sport related content and complementary assets.

The disposal was completed on 13 September 2018, on which date control of the Frankie Press and Smith Journal operations passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of profit on disposal, are disclosed below.

	2020 $'000s	2019 $'000s
Details of the Disposal		
Total sale consideration	-	2,400
Carrying amount of net assets disposed	-	(1,525)
Disposal costs	-	(369)
Profit on sale before income tax	-	506
Income tax expense	-	-
Profit on sale after income tax	-	506
Carrying amounts of assets and liabilities disposed		
Inventories	-	81
Property, Plant and Equipment	-	164
Trade and other payables – deferred consideration	-	1,280
Total Assets	-	1,525
Net Assets	-	1,525

	2020 $'000s	2019 $'000s
Cash flow information		
Net increase in cash from operating activities	-	86
Net increase in cash from investing activities	-	1,953
Net decrease in cash from financing activities	-	(2,587)
Net decrease in cash and cash equivalents from discontinued operations	-	(548)

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2020

32. Discontinued Operations cont'd

	2020 $'000s	2019 $'000s
Financial performance information		
Revenue	-	879
Sales and marketing expenses	-	(132)
Occupancy expenses	-	(15)
Administration expenses	-	(510)
Technical expenses	-	(76)
Restructuring costs	-	(92)
Production / creative expenses	-	-
Depreciation and amortisation	-	(21)
Total Expenses	-	(846)
Profit before income tax expenses	-	33
Income tax expense	-	(10)
Profit after income expense	-	23
Profit on disposal before income tax expense	-	506
Income tax expense	-	-
Profit on disposal after income tax expense	-	506
Profit after income tax expense from discontinued operations	-	529

Additional Securities Exchange Information as at 9 September 2020

Number of Holders of Equity Securities

Ordinary Share Capital

230,587,294 fully paid ordinary shares held by 701 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

7,307,658 share options are held by 9 individual option holders.

Share options do not carry the right to vote.

Distribution of Holders of Equity Securities

	Fully Paid Ordinary Shares	Share Options
1 - 1,000	141	-
1,001 - 5,000	290	-
5,001 - 10,000	92	-
10,001 - 100,000	119	-
100,001 - and over	59	9
Total Holders	**701**	**9**
Holdings with less than a marketable parcel	**263**	**-**

Substantial Shareholders

The following substantial holding notices have been provided to the Company

Ordinary Shareholders	Fully Paid Ordinary Shares	% of Issued Capital
Viburnum Funds Pty Ltd	54,845,898	23.79
Craig Hutchison	49,521,736	21.48
Chase Properties & Development Pty Ltd	27,107,151	11.76
Tosca Boxer Pty Ltd	20,109,998	8.72
Total	**151,584,783**	**65.74**

Additional Securities Exchange Information as at 9 September 2020

Twenty Largest Holders of Quoted Equity Securities

Rank	Name	Units	% of Units
1.	CRAIG HUTCHISON MEDIA PTY LTD	48,851,736	21.19
2.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	42,623,200	18.48
3.	CHASE PROPERTIES & DEVELOPMENT PTY LTD	26,424,217	11.46
4.	TOSCA BOXER PTY LTD <THE HALL FAMILY TRUST>	20,109,998	8.72
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,599,731	5.46
6.	OCEANIA CAPITAL PARTNERS LIMITED	10,303,031	4.47
7.	RADIO 3AW MELBOURNE PTY LIMITED	7,932,357	3.44
8.	LEISA GIANNOPOULOS	7,914,638	3.43
9.	YARRAGENE PTY LTD <YENZIK NO 1 A/C>	5,283,003	2.29
10.	KARAPHONE PTY LTD	3,977,133	1.72
11.	MRS JODIE SIMM	3,926,354	1.70
12.	CAMINITI PTY LTD <CAM INVESTMENT A/C>	3,555,555	1.54
13.	COWOSO CAPITAL PTY LTD <THE COWOSO S/F A/C>	3,000,000	1.30
14.	QUATTROVEST PTY LTD	2,868,596	1.24
15.	AMANDA ELISE HENDERSON <HENDERSON FAMILY A/C>	1,760,935	0.76
16.	LORDS FURNITURE PTY LTD <BILL GUEST FAMILY S/F A/C>	1,442,425	0.63
17.	KEMBLA NO 20 PTY LTD	1,343,750	0.58
18.	CHILLIMIA PTY LTD <PICKERING FAMILY A/C>	1,339,287	0.58
19.	HILLARITY SMSF PTY LTD <HILL SUPER FUND A/C>	1,333,333	0.58
20.	MR JONATHAN DAVID DEAGUE	1,111,111	0.48
Top 20 holders of Ordinary Fully Paid Shares (Total)		**207,700,390**	**90.07**
Total Remaining Holders Balance		**22,886,904**	**9.93**