



PRIME MEDIA GROUP LIMITED HALF-YEAR REPORT
ACN: 000764867

PRIME MEDIA GROUP LIMITED
HALF-YEAR REPORT
31 DECEMBER 2011

Contents

Appendix 4D

Condensed Half-Year Financial Report



PRIME MEDIA GROUP LIMITED HALF-YEAR REPORT
ACN: 000764867

Appendix 4D

HALF-YEAR ENDED 31 DECEMBER 2011

Name of entity

PRIME MEDIA GROUP LIMITED

ABN

97 000 764 867

Financial half year ended ('current period')

31 December 2011

(Previous corresponding period: half-year ended 31 December 2010)

Results for announcement to the market

Extracts from this report for announcement to the market. This information should be read in conjunction with the most recent annual report of Prime Media Group Limited.

	Notes	6 months ended 31/12/2011 \$'000	6 months ended 31/12/2010 \$'000	% increase / (decrease)
Revenues from continuing operations	3	138,686	132,237	4.9%
Earnings from continuing operations before finance costs, income tax, depreciation, amortisation and significant items (EBITDA)		33,614	32,680	2.9%
Earnings from continuing operations before finance costs, income tax and significant items (EBIT)		28,620	27,612	3.7%
Net profit after tax from continuing operations and before significant items	8	15,989	15,559	2.8%
Significant items of income after income tax	8	218	701	(68.9%)
Net loss from discontinuing operations after income tax	4	(61)	(862)	92.9%
Net profit/(loss) after income tax		16,146	15,397	4.9%
Net profit/(loss) after income tax attributable to members		16,146	15,397	4.9%
Dividends		Amount per security (cents)	Franked amount per security (cents)	
Final dividend 2011 – paid 30 September 2011 Ordinary		2.4	2.4	
Interim dividend 2011 – 29 March 2012 Ordinary		3.3	3.3	
Record date for determining entitlements to the dividend.		15 March 2012		
There are no dividend or distribution reinvestment plans in operation.				
Earnings per security (cents per share)		Current period	Previous corresponding period	
Basic EPS		4.4	4.2	
Basic EPS from continuing operations		4.4	4.4	
Basic EPS from continuing operations excluding significant items		4.4	4.2	
Diluted EPS		4.4	4.2	



Appendix 4D

HALF-YEAR ENDED 31 DECEMBER 2011

NTA backing	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security (cents)	(18.8)	(19.7)

Explanation of Profit/(Loss) from ordinary activities after tax attributable to members

The consolidated net profit after tax of the Company attributable to the members of Prime Media Group Limited for the half-year ended 31 December 2011 of \$16,146,000 (2010: \$15,397,000) represents an increase of \$749,000 or 4.9% over the prior comparative period.

Excluding the impact of discontinued operations and significant items, the net profit after tax from continuing operations for the half year of \$15,989,000 (2010: \$15,559,000) is \$430,000 or 2.8% up on the previous corresponding period.

Effective 30 June 2011 the Company exited the Prime Digital Media (PDM) business. The prior period comparatives have been restated to reclassify the revenues and expenses of the PDM business as discontinued operations.

Revenue from continuing operations of \$138,686,000 represents a growth of \$6,449,000, or 5%, on the previous corresponding period. The Company's revenue growth in its Television "3 Aggregate markets" of Northern NSW, Southern NSW and Victoria of 2.95% is significantly ahead of the market growth rate released by KPMG of negative 1.97%, a differential of 4.92 share points above market. Additionally improved sales representation fees earned from the 7 Network in regional Queensland, the growth in digital multi channels, and the introduction of the data casting channel in September 2011 have all contributed to additional revenue growth in the period.

Gross Profit Margin in the current period of 50.2% is below the prior period margin of 51.6%. The Company incurred an increase in selling costs associated with the new digital channels 7mate and 7TWO. These increases were partially offset by a reduction in ACMA license fees as a result of the increase in the rebate rate to 50% in the current period (2010: 41.5%)

Broadcasting and transmission expenses increased by \$934,000, or 4%, over the previous corresponding period. This is largely due to the increase in costs incurred under the black spot infill project.

Administration expenses of \$9,765,000 are \$1,034,000 or 9.6% favourable to the previous corresponding period largely as a result of the Executive restructure in 2010 and other administrative savings arising from the group rationalisation.

Included in financing costs of \$5,993,000 is a one off charge of \$365,000 relating to the write off of establishment costs relating to the 2007 refinancing. During the current period the Company successfully executed into a new loan facility in the amount of \$200M with a term of 4 years.

Disclosed under specific items is a one off loss on sale of \$345,000 arising from the Company's disposal of its investment in TransACT Communications Pty Limited during the period. Offsetting against this is a one off fair value gain of \$638,000 arising on the revaluation of the deferred contingent consideration arising on the sale of the Outside Broadcasting Business in New Zealand in July 2010.

No seasonal or cyclical factors are expected to materially affect the full year results.

Explanation of Dividends

The directors have declared a fully franked interim dividend of 3.3c per share for this period (2010: 2.1c per share fully franked).

Details of entities over which control has been gained or lost during the period

Not Applicable



PRIME MEDIA GROUP LIMITED HALF-YEAR REPORT
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PRIME MEDIA GROUP LIMITED

INTERIM FINANCIAL REPORT

**Half-Year Ended
31 DECEMBER 2011**



PRIME MEDIA GROUP LIMITED HALF-YEAR REPORT
ACN: 000764867

Corporate Information

ABN 97 000 764 867

This half year report covers the consolidated entity comprising Prime Media Group Limited and its subsidiaries. The Group's functional and presentation currency is AUD (\$).

Directors

P. J. Ramsay AO (Chairman)
M. S. Siddle (Deputy Chairman)
I. C. Audsley (Chief Executive Officer)
P. J. Evans
A. A. Hamill
P. S. Grier AM
I. R. Neal
S. L. McKenna

Company Secretaries

Lesley Kennedy
Emma McDonald

Registered Office

363 Antill Street
Watson, ACT 2602
(02) 6242 3700

Share Register

Link Market Services Limited
Level 12
680 George Street
Sydney, NSW, 2000
Ph: 1300 554 474

Prime Media Group Limited shares are listed on the Australian Securities Exchange (Listing Code PRT).

Bank

ANZ
8/20 Martin Place
Sydney NSW 2000

Auditors

Ernst & Young
680 George Street
Sydney NSW 2000



PRIME MEDIA GROUP LIMITED HALF-YEAR REPORT
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Directors' Report

Your directors submit their report for the half-year ended 31 December 2011.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

P. J. Ramsay AO (Chairman)
M. S. Siddle (Deputy Chairman)
I. C. Audsley (Chief Executive Officer)
P. J. Evans
A. A. Hamill
P. S. Grier AM
I. R. Neal
S. L. McKenna

REVIEW AND RESULTS OF OPERATIONS

The consolidated net profit after tax of the Company attributable to the members of Prime Media Group Limited for the half-year ended 31 December 2011 of \$16,146,000 (2010: \$15,397,000) represents an increase of \$749,000 or 4.9% over the prior comparative period.

Excluding the impact of discontinued operations and significant items, the net profit after tax from continuing operations for the half year of \$15,989,000 (2010: \$15,559,000) is \$430,000 or 2.8% up on the previous corresponding period.

Effective 30 June 2011 the Company exited the Prime Digital Media (PDM) business. The prior period comparatives have been restated to reclassify the revenues and expenses of the PDM business as discontinued operations.

Revenue from continuing operations of \$138,686,000 represents a growth of \$6,449,000, or 5%, on the previous corresponding period. The Company's revenue growth in its Television "3 Aggregate markets" of Northern NSW, Southern NSW and Victoria of 2.95% is significantly ahead of the market growth rate released by KPMG of negative 1.97%, a differential of 4.92 share points above market. Additionally improved sales representation fees earned from the 7 Network in regional Queensland, the growth in digital multi channels, and the introduction of the data casting channel in September 2011 have all contributed to additional revenue growth in the period.

Gross Profit Margin in the current period of 50.2% is below the prior period margin of 51.6%. The Company incurred an increase in selling costs associated with the new digital channels 7mate and 7TWO. These increases were partially offset by a reduction in ACMA license fees as a result of the increase in the rebate rate to 50% in the current period (2010: 41.5%)

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Administration expenses of \$9,765,000 are \$1,034,000 or 9.6% favourable to the previous corresponding period largely as a result of the Executive restructure in 2010 and other administrative savings arising from the group rationalisation.

Included in financing costs of \$5,993,000 is a one off charge of \$365,000 relating to the write off of establishment costs relating to the 2007 refinancing. During the current period the Company successfully executed into a new loan facility in the amount of \$200M with a term of 4 years.

Disclosed under specific items is a one off loss on sale of \$345,000 arising from the Company's disposal of its investment in TransACT Communications Pty Limited during the period. Offsetting against this is a one off fair value gain of \$638,000 arising on the revaluation of the deferred contingent consideration arising on the sale of the Outside Broadcasting Business in New Zealand in July 2010.

No seasonal or cyclical factors are expected to materially affect the full year results.

Dividends

The directors have declared a fully franked interim dividend of 3.3c per share for this period (2010: 2.1c per share fully franked).

ROUNDING

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Directors' Report

AUDITORS INDEPENDENCE DECLARATION

We have obtained the following independence declaration from our auditors, Ernst & Young.



Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001
Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

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

In relation to our review of the financial report of Prime Media Group Limited for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads "Ernst + Young".

Ernst & Young

A handwritten signature in black ink that reads "David Simmonds".

David Simmonds
Partner
28 February 2012

Liability limited by a scheme approved
under Professional Standards Legislation

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink that reads "Peter J. Evans".

Peter J. Evans
Director

Sydney, 28 February 2012

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2011

	Notes	CONSOLIDATED	
		AS AT 31 DECEMBER 2011 \$'000	AS AT 30 JUNE 2011 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		17,209	19,374
Trade and other receivables		56,476	54,387
Other assets		4,263	2,001
Intangible assets	12	400	616
TOTAL CURRENT ASSETS		78,348	76,378
NON-CURRENT ASSETS			
Receivables		449	672
Investments in available for sale financial assets ⁽¹⁾		2,007	5,138
Property, plant and equipment ⁽²⁾		50,188	54,334
Deferred tax assets		6,449	8,052
Intangible assets and goodwill	12	228,913	224,694
Other Assets		1,335	2,332
TOTAL NON-CURRENT ASSETS		289,341	295,222
TOTAL ASSETS		367,689	371,600
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		54,149	57,584
Interest bearing loans and borrowings		654	627
Current tax liabilities		5,301	3,077
Provisions		1,502	2,255
Derivative financial instruments	11	1,520	1,687
TOTAL CURRENT LIABILITIES		63,126	65,230
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings		143,601	152,823
Provisions		455	434
TOTAL NON-CURRENT LIABILITIES		144,056	153,257
TOTAL LIABILITIES		207,182	218,487
NET ASSETS		160,507	153,113
EQUITY			
Contributed equity		310,262	310,262
Other reserves		(36)	(78)
Accumulated losses		(149,719)	(157,071)
Parent entity interests		160,507	153,113
TOTAL EQUITY		160,507	153,113

(1) On 30 November 2011, the Company sold its investment in TransACT Communications Pty Limited. Proceeds from the sale were \$2,785,000 resulting in a loss on disposal of \$345,000.

(2) During the current period, the Company reclassified \$3,262,000 of property, plant and equipment into intangible assets.

Consolidated Statement of Comprehensive Income

HALF-YEAR ENDED 31 DECEMBER 2011	Notes	CONSOLIDATED	
		2011 \$'000	2010 \$'000
CONTINUING OPERATIONS			
Revenue and other income			
Revenue from services		137,570	131,373
Interest income		426	155
Other income		690	709
Total revenue and other income	3(a)(i)	138,686	132,237
Cost of sales		(69,007)	(63,940)
Gross profit		69,679	68,297
Broadcasting and transmission expenses		(24,073)	(23,139)
Marketing expenses		(1,251)	(1,065)
Administration expenses		(9,765)	(10,799)
Depreciation and amortisation expenses		(4,994)	(5,068)
Finance costs		(5,993)	(5,846)
Share of associate losses		(550)	(460)
Profit from continuing operations before significant items and income tax		23,053	21,920
<i>Significant items</i>			
Gain from MtM Derivative Financial Instruments		167	1,264
Increase in Fair value movement of receivable – deferred contingent consideration		638	-
Loss on sale of investment		(345)	-
Staff restructuring and redundancy expenses		-	(264)
PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX		23,513	22,920
Income tax expense		(7,306)	(6,661)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		16,207	16,259
Loss after tax from discontinuing operations	4	(61)	(862)
NET PROFIT FOR THE PERIOD AFTER TAX		16,146	15,397
Other comprehensive income			
Currency translation differences for the period recognised directly in equity		-	(226)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD BEFORE INCOME TAX		-	(226)
Income tax expense on items of other comprehensive income		-	-
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD AFTER INCOME TAX		-	(226)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD AFTER TAX		16,146	15,171



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Consolidated Statement of Comprehensive Income

Notes	CONSOLIDATED	
	2011 \$'000	2010 \$'000
Net Profit/(Loss) for the period is attributable to:		
Owners of the Parent	16,146	15,397
	16,146	15,397
Total comprehensive income for the period is attributable to:		
Owners of the Parent	16,146	15,171
	16,146	15,171
Basic Earnings per share (cents per share)		
- profit for the half year	4.4	4.2
- profit from continuing operations	4.4	4.4
- profit from continuing operations before significant items	4.4	4.2
Diluted Earnings per share (cents per share)		
- profit for the half year	4.4	4.2



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Consolidated Statement of Changes in Equity

HALF-YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED	Contributed Equity \$'000	Accumulated Losses \$'000	Employee Benefits Reserve \$'000	Foreign Currency Translation Reserve \$'000	General Reserve \$'000	Total Parent Entity Interest \$'000	Non- Controlling Interest \$'000	Total \$'000
At 1 July 2011	310,262	(157,071)	2,709	-	(2,787)	153,113	-	153,113
Profit for the period	-	16,146	-	-	-	16,146	-	16,146
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income and expense for the period	-	16,146	-	-	-	16,146	-	16,146
Transactions with equity holders in their capacity as equity holders:								
Share based payments	-	-	40	-	-	40	-	40
Dividends on ordinary shares	-	(8,792)	-	-	-	(8,792)	-	(8,792)
At 31 December 2011	310,262	(149,717)	2,749	-	(2,787)	160,507	-	160,507

PRIME MEDIA GROUP

PRIME MEDIA GROUP LIMITED HALF-YEAR REPORT
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Consolidated Statement of Changes in Equity

HALF-YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED	Contributed Equity \$'000	Accumulated Losses \$'000	Employee Benefits Reserve \$'000	Foreign Currency Translation Reserve \$'000	General Reserve \$'000	Total Parent Entity Interest \$'000	Non- Controlling Interest \$'000	Total \$'000
At 1 July 2010	310,262	(171,415)	2,044	(794)	(2,787)	137,310	-	137,310
Loss for the period	-	15,397	-	-	-	15,397	-	15,397
Other comprehensive income	-	-	-	(226)	-	(226)	-	(226)
Total comprehensive income and expense for the period	-	15,397	-	(226)	-	15,171	-	15,171
Transactions with equity holders in their capacity as equity holders:								
Share based payments	-	-	184	-	-	184	-	184
Dividends on ordinary shares	-	(5,129)	-	-	-	(5,129)	-	(5,129)
At 31 December 2010	310,262	(161,147)	2,228	(1,020)	(2,787)	147,536	-	147,536

Consolidated Statement of Cash Flows

HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	CONSOLIDATED	
		2011 \$'000	2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST) ⁽¹⁾		150,342	155,860
Payments to suppliers and employees (inclusive of GST) ⁽²⁾		(123,622)	(136,241)
Interest received		431	166
Finance costs paid		(5,277)	(5,373)
Income tax paid		(4,260)	(2,766)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES ⁽²⁾		17,614	11,646
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(5,363)	(4,250)
Proceeds from sale of business operations		-	20,854
Proceeds from sale of business operations – deferred contingent consideration		1,661	94
Proceeds from sale of property, plant and equipment		30	1,105
Proceeds from sale of available for sale financial assets		2,785	34
Payment of deferred consideration for acquisition of subsidiaries and related business assets		-	(1,250)
Repayment of loan funds from other parties		37	-
Loan to associates		(150)	(150)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(1,000)	16,437
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		150,000	31,000
Repayment of borrowings		(158,000)	(52,933)
Debt facility establishment fees		(1,610)	-
Finance lease liability payments		(307)	(765)
Equity dividends paid		(8,792)	(5,129)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(18,709)	(27,827)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		19,374	5,664
Net foreign exchange difference		(70)	12
CASH AND CASH EQUIVALENTS AT END OF PERIOD		17,209	5,932

(1) Receipt from customers is inclusive of receipts from customers in discontinued activities.

(2) Payments to suppliers and employees in this reporting period is inclusive of payments relating to discontinued activities including \$3.7m of payments made against the onerous contract provision.



Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

1. CORPORATE INFORMATION

The financial report of Prime Media Group Limited (the Company) for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the Directors on 28 February 2012. Prime Media Group Limited is a Company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in note 7.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The half-year financial statement is a general-purpose condensed financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, and AASB 134 "Interim Financial Reporting".

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report of Prime Media Group Limited for the year ended 30 June 2011 and considered together with any public announcements made by Prime Media Group Limited and its controlled entities during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

The comparative financial results have been restated to reclassify the previously disclosed continuing operations of Prime Digital Media as discontinuing operations following the closure of this business with effect from 30 June 2011.

3. REVENUE, INCOME AND EXPENSES

(a) Revenue, Income and Expenses from Continuing Operations

(i) Income

Advertising revenue

132,875

129,054

Rental income

2,444

1,022

Government grants

798

655

Production revenue

300

245

Sales Representation fees

1,153

397

Total operating revenues

137,570

131,373

Other income

690

709

Interest received

426

155

Total income

1,116

864

138,686

132,237

CONSOLIDATED

2011

2010

\$'000

\$'000

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
3. REVENUE, INCOME AND EXPENSES (continued)		
(a) Revenue, Income and Expenses from Continuing Operations (continued)		
(ii) Finance costs expensed		
Interest expense – other persons	5,993	5,846
Total finance costs expensed	5,993	5,846
(iii) Foreign Exchange		
Loss on foreign Exchange	360	-
Total loss on foreign exchange	360	-

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

4. DISCONTINUED OPERATIONS

2011

PRIME DIGITAL MEDIA

Effective 30 June 2011, the Company exited the Prime Digital Media business and has disclosed the results of the Prime Digital Media business as discontinuing operations. The prior year comparatives have been restated to reclassify the Prime Digital Media business as discontinuing operations.

2010

MOONLIGHT CINEMA

On 1 October 2010, the Company completed the sale of Moonlight Cinema, its Australian outdoor cinema operation, to Amalgamated Holdings Limited for a disposal sale consideration of \$1,750,000.

ON SITE BROADCASTING

On 9 July 2010, the Company completed the sale of its On Site Broadcasting business in New Zealand to Sky Network Television Limited for a cash consideration of \$10,669,578 and a deferred contingent consideration component fair valued at disposal date at \$565,000. The deferred contingent consideration is repayable over a period of 4 years to 30 June 2014 and the amount earned is contingent upon the amount of profit earned under various contracts transferred as part of the sale. At 31 December 2011 management performed a review of the fair value of the deferred contingent consideration. This review resulted in an increase to the fair value of the receivable in the amount of \$638,000.

On 28 October 2010, the Company completed the sale of its On Site Broadcasting business in Australia to Gearhouse Broadcast Pty Ltd for total consideration of \$10,434,021.

The consideration comprised of the following:

Cash consideration	8,434,021
Shares issued in Gearhouse Broadcast Pty Limited (unlisted) at fair value	2,000,000
Deferred Contingent Consideration, at fair value	-
Total consideration	\$10,434,021

FINANCIAL PERFORMANCE OF DISCONTINUED OPERATIONS	2011	2010
	\$'000	\$'000
Revenue	265	6,458
Expenses	(295)	(6,655)
Net Profit / (Loss) attributable to discontinued operations before significant items	(30)	(197)
Loss on disposal of discontinuing operations	-	(583)
Net Profit/ (Loss) attributable to discontinued operations before income tax	(30)	(780)
Income tax expense	(31)	(82)
Net Profit/ (Loss) attributable to discontinued operations after tax	(61)	(862)
Net Profit/ (Loss) from discontinued operations attributable to members of parent entity	(61)	(862)
Earnings/(Loss) per share (cents per share)		
- Basic from discontinued operations	0.0	(0.2)
- Diluted from discontinued operations	0.0	(0.2)

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	AS AT 31 DECEMBER 2011 \$'000	AS AT 30 JUNE 2011 \$'000
5. CONTRIBUTED EQUITY		
Ordinary shares		
Issued and fully paid		
366,330,303 shares (June 2011: 366,330,303)	310,262	310,262
	Number of shares	\$'000
Movements in ordinary shares on issue		
At 1 July 2011	366,330,303	310,262
At 31 December 2011	366,330,303	310,262
CONSOLIDATED		
	2011 \$'000	2010 \$'000
6. DIVIDENDS PAID AND PROPOSED		
Equity dividends on ordinary shares		
(a) Dividends declared and paid during the half-year		
Final franked dividend for financial year ended 30 June 2011: 2.4 cent (2010: 1.4 cents)	8,792	5,129
(b) Dividends proposed and not recognised as a liability		
Interim franked dividend for half year ended 31 December 2011: 3.3 cents (2010: 2.1 cents)	12,089	7,693



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Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

7. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on internal reports that are reviewed and used by the board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which the product is delivered, and the nature of services provided. Discrete financial information about each of these operating businesses is reported to the board on a monthly basis.

Description of segments

Continuing operations

Television Broadcasting

Television Broadcasting comprises "free to air" television broadcasting through our brands, PRIME7 and GWN7.

The PRIME7 broadcast signal services the regional locations of Northern and Southern New South Wales, Canberra, Victoria, and the Gold Coast while regional Western Australia is serviced by the GWN7 television broadcast signal. The majority of revenue is sourced from the sale of television advertising in Australia.

Radio Broadcasting

Radio Broadcasting consists of 10 radio stations which operate within coastal Queensland stretching from the Sunshine Coast to Cairns. The majority of revenue is sourced from the sale of radio advertising.

Online

Local websites, integrating with the PRIME7 and GWN7 broadcast footprint, deliver localised content across the categories of news, weather, sport, TV shows, local jobs and community events. Revenue is sourced mainly from the sale of online advertising.

Corporate and Other

Includes administrative and financial support operations of the Company. These services are provided across the group, mainly in its capacity as a public company, and are therefore not attributable to any of the operating units. These activities are reported separately to the Board.

Discontinuing operations

Broadcast Production Services

Broadcast Production Services comprised outside broadcast facilities and services in Australia and New Zealand, in addition to Moonlight outdoor cinemas. These businesses were sold during the year ended 30 June 2011.

Prime Digital Media

Prime Digital Media produce and deliver digital content via out-of-home digital display in major retail outlets. The majority of revenue is sourced from the sale of visual advertising content and the production of content. Effective 30 June 2011, the Company exited the Prime Digital Media business.

Accounting policies and inter-segment transactions

The accounting policies used by the Company in reporting segments internally are the same as those reported in the most recent Annual Report.

The following table presents revenue and profit information for operating segments for the half years ended 31 December 2011 and 31 December 2010.



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Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

7. OPERATING SEGMENTS (continued)

Half Year ended 31 December 2011

	Continuing Operations				Total Continuing	Discontinued Operations	
	Television Broadcasting	Radio Broadcasting	iPrime	Unallocated		Broadcast Production Services, Prime Digital Media and Prime Media Singapore	Total Operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment Revenues							
External sales and customers	126,508	10,057	1,105	(100)	137,570	168	137,738
Other income (excluding interest income)	99	403	-	188	690	93	783
Total segment revenue							
Finance income	-	17	-	409	426	4	430
Total revenue per the statement of comprehensive income	126,607	10,477	1,105	497	138,686	265	138,951
Segment Result							
EBITDA	36,076	2,529	(66)	(4,925)	33,614	(30)	33,584
EBIT	31,778	2,020	(149)	(5,029)	28,620	(30)	28,590
Net Profit/(Loss) before tax and significant items	31,635	2,037	(149)	(10,470)	23,053	(30)	23,023
<i>Significant Items</i>							
Fair value change in derivatives				167	167	-	167
Fair value increase in receivable – deferred contingent consideration				638	638	-	638
Loss on sale of investment				(345)	(345)	-	(345)
Net Profit / (Loss) before income tax per the statement of comprehensive income	31,635	2,037	(149)	(10,010)	23,513	(30)	23,483
Income tax (expense)/benefit					(7,306)	(31)	(7,337)
Net Profit / (Loss) after tax					16,207	(61)	16,146
Non-controlling interests							-
Net Profit after tax attributable to members of Prime Media Group Limited							16,146
Segment Assets							
Segment operating assets	303,476	46,968	635	12,124	363,203	4,486	367,689



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FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Half Year ended 31 December 2010

	Continuing Operations				Total Continuing	Discontinued Operations	
	Television Broadcasting	Radio Broadcasting	iPrime	Unallocated		Broadcast Production Services, Prime Digital Media and Prime Media Singapore	Total Operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment Revenues							
External sales and customers	118,077	10,205	749	(12)	129,019	6,322	135,341
Other income (excluding interest income)	2,015	899	33	116	3,063	125	3,188
Total segment revenue	120,092	11,104	782	104	132,082	6,447	138,529
Finance income	-	9	-	146	155	11	166
Total revenue per the statement of comprehensive income	120,092	11,113	782	250	132,237	6,458	138,695
Segment Result							
EBITDA	35,390	2,620	(585)	(4,745)	32,680	(155)	32,524
EBIT	31,272	2,016	(627)	(5,049)	27,612	(172)	27,439
Net Profit before tax and significant items	31,113	2,009	(627)	(10,575)	21,920	(197)	21,723
<i>Significant Items</i>							
Fair value change in derivatives				1,264	1,264	-	1,264
Staff restructuring				(264)	(264)	-	(264)
Loss on disposal					-	(583)	(583)
Net Profit / (Loss) before income tax per the statement of comprehensive income	31,113	2,009	(627)	(9,575)	22,920	(780)	22,140
Income tax (expense)/benefit					(6,661)	(82)	(6,743)
Net Profit / (Loss) after tax					16,259	(862)	15,397
Non-controlling interests							-
Net Profit after tax attributable to members of Prime Media Group Limited							15,397
Segment Assets							
Segment operating assets	280,626	47,615	335	22,706	351,282	2,237	353,519

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
8. SIGNIFICANT ITEMS included in net profit / (loss) from continuing operations		
Net profit after tax from continuing operations	16,207	16,259
<i>Included in profit are the following items which are considered unusual due to their nature, size or incidence.</i>		
Fair value change in derivatives	(167)	(1,264)
Fair value change in receivable – deferred contingent consideration	(638)	-
Loss on sale of available-for-sale financial assets	345	-
Restructuring expense	-	263
Total significant items of (income) before tax	(460)	(1,001)
Income tax expense related to significant items	242	300
Total significant items of (income) after tax	(218)	(701)
Net profit after tax from continuing operations excluding significant items	15,989	15,559
Basic Earnings per share (cents per share)		
- profit from continuing operations excluding significant items	4.4c	4.2c
Diluted Earnings per share (cents per share)		
- profit from continuing operations excluding significant items	4.4c	4.2c



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Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

9. COMMITMENTS AND CONTINGENCIES

The only changes to the commitments and contingencies disclosed in the most recent annual financial report are specified below.

Capital Commitments

At 31 December 2011, the Company had capital commitments of \$6,909,000 (June 2011: \$8,242,000), which included \$3,400,000 in expenditure relating to the roll out of digital transmission in Western Australia. The Company is entitled to claim Government grant income to fund 50% of this expenditure. The amounts disclosed above are the gross amounts before taking into consideration this government funding.

Deferred Contingent Consideration

At 31 December 2011, the Company recognised a one off fair value gain of \$638,000 arising on the revaluation of the deferred contingent consideration arising on the sale of the Outside Broadcasting Business in New Zealand in July 2010. The one off gain was determined based on the net present value of forecast cashflows.

10. INTEREST BEARING LOANS AND BORROWINGS

On 28 October 2011 the Company formally executed a new \$200 million bank loan facility with a term of 4 years, repayable in full on expiry. Interest is charged at a rate of BBSY plus a margin between 1.7% and 2.6%, dependent upon the gearing ratio of the Company. On 16 November 2011, the Company repaid all outstanding funds drawn down on the existing \$260 million Debenture Subscription Facility and drew down on the newly executed \$200 million facility.

11. FINANCIAL INSTRUMENTS

At balance date, the Company had interest rate swap agreements in place with a notional amount of \$95,000,000 (June 2011: \$95,000,000), on which it pays a fixed rate of 6.38% or 6.39% and receives a floating rate of the Bank Bill Swap Rate. The interest rate swap instruments are used to protect part of the borrowings from exposure to floating interest rates. The swaps in place cover 67% (June 2011: 63%) of the borrowings outstanding at balance date.

Swap agreements expire in July 2012 and October 2012. The interest rate swaps require settlement of net interest receivable or payable each 90 days.

The swaps are measured at fair value and all gains and losses are taken to the profit and loss.

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	CONSOLIDATED	
	AS AT 31 DECEMBER 2011 \$'000	AS AT 30 JUNE 2011 \$'000
	12. GOODWILL AND INTANGIBLE ASSETS	
Current		
Program Rights - at written down value	400	616
	400	616
Non-current		
Goodwill on Acquisition	3,657	3,657
Broadcast Licences and associated rights – at cost	219,810	219,810
Program Rights - at written down value	1,000	1,200
Software - at written down value	3,957	-
Websites - at written down value	489	27
	228,913	224,694
Reconciliations		
Goodwill on Acquisition		
Carrying amount at beginning of the period	3,657	3,657
	3,657	3,657
Program Rights		
Carrying amount at beginning of the period	1,816	2,649
Amortisation expense	(416)	(833)
	1,400	1,816
Software		
Carrying amount at beginning of the period	-	-
Reclassification from property, plant and equipment ⁽¹⁾	2,987	-
Additions	1,634	-
Amortisation expense	(664)	-
	3,957	-
Websites		
Carrying amount at beginning of the period	27	-
Reclassification from property, plant and equipment ⁽¹⁾	275	-
Additions	275	79
Amortisation expense	(66)	(32)
Disposal	(22)	(20)
	489	27

(1) Software under development and business software was reclassified under intangible assets during the current reporting period. Previously, these assets were classified as plant and equipment.

Directors' Declaration

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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

In the opinion of the directors:

- (a) the financial statements and notes of Prime Media Group Limited for the half-year ended 31 December 2011 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2011 and performance; and
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Peter J. Evans
Director

Sydney, 28 February 2012

Independent Review Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011



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To the members of Prime Media Group Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Prime Media Group Limited, which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Interim Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Prime Media Group Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

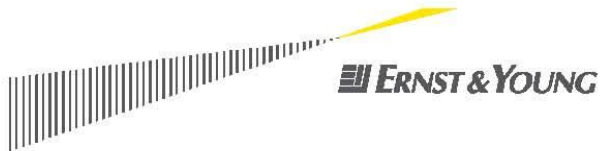
A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards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

Independence

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

Independent Review Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011



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Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

David Simmonds
Partner
Sydney
28 February 2012

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