25 September 2009

Company Announcements Office
Australian Securities Exchange Limited
Level 6
20 Bridge Street
SYDNEY NSW 2000

By electronic lodgement

Total Pages: 101 (including covering letter)

Financial Year Ended 27 June 2009

In accordance with Listing Rule 4.5 of the Australian Securities Exchange Limited Listing Rules, attached is a copy of the Seven Network Limited 2009 Annual Report containing the Directors' Report and Financial Statements of Seven Network Limited for the year ended 27 June 2009.

The Annual Report will be sent to shareholders next month, together with the 2009 Notice of Annual General Meeting.

Yours faithfully
For and on behalf of Seven Network Limited

Warren Coatsworth
Company Secretary

Attach.

Seven Network Limited | ABN 21 052 816 789
Wharf 17 | 38 Pirrama Road | Pyrmont NSW 2009 Australia | Postal Address: PO Box 777 | Pyrmont NSW 2009 Australia
Telephone +61 2 8777 7777 | Facsimile +61 2 8777 7778

MOVING FORWARD

Seven Network Limited 2009 Annual Report

ABN 21 052 816 789

CONTENTS

Seven Network Limited.

A company with a strong balance sheet, key investments in market-leading media businesses and committed to creating value for shareholders.

PERFORMANCE HIGHLIGHTS

$1.4 billion

Seven's balance sheet is underpinned by significant cash reserves.

Number 1

Seven Media Group continues to dominate in breakfast television, morning television, news and public affairs, primetime and across the 6:00am-midnight broadcast day.

23.2%

Seven Network Limited has a significant shareholding in West Australian Newspapers, the leading newspaper and publishing company in Australia's strongest state economy.

19.9%

Seven Network Limited has secured a significant shareholding in Consolidated Media Holdings – a company focused on investment in Australia's subscription television market.

FROM THE

EXECUTIVE CHAIRMAN

The past twelve months confirm our commitment to building our presence in media in Australia.

The past twelve months confirm our commitment to expanding our presence in media in Australia.

Our decision to create Seven Media Group with Kohlberg Kravis Roberts & Co was based on a long-term objective – the creation of an underlying strength that allowed Seven Network Limited to compete and build its business in a rapidly changing market.

We have made significant steps forward. Today your company is well placed. We have some further steps to take but we are using changes in the market to our advantage. Our partnership with Kohlberg Kravis Roberts & Co sits well with our ambitions and positions us not only in Australia but internationally.

Seven Network Limited is a company focused on building shareholder value. It is also a company that has a commitment to ensuring a continuing and significant involvement in media and other strategic investments.

We are a company with shareholdings across a portfolio of strongly-performing businesses that deliver to our shareholders a presence in broadcast television, magazines and newspaper publishing, online and subscription television, and poised to move into the world of broadband wireless.

We are also continuing to evaluate other investment opportunities that will add value to your company. Despite the uncertain economic times, we are well-placed to build on our leadership.

Your company's strong balance sheet, with more than $1 billion in cash, and our investments in Seven Media Group, Consolidated Media Holdings, West Australian Newspapers, Unwired Group Limited and Prime Media will underpin Seven Network Limited's development over the coming twelve months.

The dominance of Seven Media Group's television business, our successful and expanding magazine publishing business, our positive developments in online and new content delivery technologies, and our leadership in digital television provide a cornerstone for Seven Network Limited's future.

Apart from our commitment to delivery of programming content beyond single channel broadcast, our recent investment in Consolidated Media Holdings and Unwired Group Limited provides your company with a significant opportunity to play a key role in the further development of subscription television and broadband in Australia.

We are looking forward to working with Consolidated Media in the development of their business.

Peter Gammell and Ryan Stokes – both directors of Seven Network Limited – have joined the board of Consolidated Media following our acquisition of a 19.9 per cent shareholding in a company that has strategic investments in Foxtel and Fox Sports.

Our broadcast television business is strong. Seven continues to be Australia's leading television network.

We are the leading source of news and information for Australians with Sunrise's leadership in breakfast television and the dominance of Seven News and Today Tonight. Our leadership in primetime is driven by our Australian programming.

As we build our broadcast television business, we are focused on the delivery of our programming content across multiple platforms. This focus underpins our partnership with TiVo and the development of our presence in broadband delivery with Unwired.

TiVo is developing a strong market presence in Australia and will soon launch in New Zealand as part of a broad partnership between Seven Media Group and Television New Zealand. TiVo allows Seven to participate in the active development of new communications platforms delivering interactive television and broadband content. Our partnership with Television New Zealand, which controls the two main networks in New Zealand, provides a unique bridge between digital television and internet broadband.

Unwired, with its forthcoming launch of a new business, VividWireless, allows your company to strengthen its digital platform through a 4G spectrum wireless delivery system for new consumer services and high-speed wireless broadband.

Our magazine publishing business is strong.

Today, Seven Media Group publishes many of the biggest-selling and most-read magazines in Australia – with one in four magazines sold in Australia and reaching 41 per cent of all Australians every month. We will continue to expand our portfolio of titles as we build our success in publishing.

Our belief in the future of publishing also underlines our investment in West Australian Newspapers.

We have made significant progress in strengthening the fundamentals of this business over the past twelve months – with Peter Gammell joining me on the board of "The West" and the appointment of a new chief executive officer, Chris Wharton, a new publisher, Bob Cronin, and a new editor, Brett McCarthy.

This management team has been tasked with the revitalisation of this important newspaper and publishing company in Australia's strongest state economy.

In property, our investment in Flagship Property Group gives us the opportunity to have dedicated management of our property investments through a specialist team which oversees a diversified portfolio.

Your company has undergone a remarkable transformation over the past five years.

We were once the Seven Network, a single channel broadcast television network.

Today, we are acknowledged as the leader in broadcast television and have moved from being that single channel broadcast television network to a multiple channel digital television business, magazine publishing business and multi-faceted company with great brands, great assets and a strong future as we meet the challenges of a changing media landscape.

We have achieved a great deal over the past twelve months. We've done that in tough times. We now have significant investments in all key forms of media in Australia.

We have a strong balance sheet. We have cash reserves. But, we are not done yet. There is more we want to achieve.

We are where we are today because of our people. Where our future takes us will be built on the talent, creativity and energy of our people. On behalf of our board and all of shareholders, I thank them for their commitment to your company.

Kerry Stokes AC
Executive Chairman

YEAR IN REVIEW

Seven Network Limited is focusing on significant shareholdings in content creation and distribution across an expanding array of communications platforms.

Seven Network Limited is built on strategic holdings in broadcast television, magazines publishing and online and broadband through its investment in Seven Media Group, an investment in Prime Media which complements Seven Media Group's broadcast television presence, and strategic shareholdings in pay television through Consolidated Media, newspapers through West Australian Newspapers and a developing presence in new technology delivery platforms.

The company is well-placed to play a leading role in the development of media and communications in Australia. Our focus is building of shareholder value and enhancing the company's presence in the creation and distribution of content relevant to Australians across multiple delivery platforms.

FINANCIAL PERFORMANCE

Seven Network Limited reported profit before significant items and tax of $134.3 million for the 2008-09 financial year.

The company achieved a net profit after taxation and excluding significant items of $106.3 million. The result was delivered on total revenues, dividends, net interest income and share of associates' profits, excluding impairment and deferred gains, of $242.2 million.

THE COMPANY HAS A STRONG BALANCE SHEET WITH $1.4 BILLION IN CASH, AS AT 27 JUNE 2009.

Net profit after tax and significant items attributable to members was $12.5 million.

Seven delivered earnings per share before significant items of 40 cents vs 62 cents per share before significant items in 2008. Actual EPS, after significant items was -8 cents per share.

This result reflects the writing down of investments given the current global economic difficulties. The treatment of significant items leads to the company reporting a net profit after tax of $8.2 million.

The company's investments in well-performing core media businesses through Seven Media Group are delivering market leadership in television audiences and revenues, and strong results in circulations, readership and advertising revenue share from its magazine publishing business.

ON-MARKET BUYBACK PROGRAMME

Seven Network Limited's on-market buyback programme for up to 40 million shares, representing 19.4 per cent of the issued capital, secured 14.6 million shares in the company.

Seven Network Limited also bought back 1.2 million shares in the company, as part of a previous buyback programme.

Authority for the current programme, following shareholder approval at an extraordinary general meeting in 2008, expired on 9 September 2009.

DIVIDEND

Directors have declared a final dividend of 17 cents fully franked – unchanged from the previous financial year. This takes to 34 cents per share fully franked the total dividend paid to shareholders over the past twelve months.

SIGNIFICANT ITEMS

The significant items total a $98.1 million loss net of tax.

The significant items include writing down the company's investment in Seven Media Group to zero with consequent reversal of the deferred income previously established at the time of the transaction creating Seven Media Group; West Australian Newspapers Holdings Limited; and writing down, in line with share prices, Seven Network Limited's listed investment portfolio.

SEVEN MEDIA GROUP

Seven Network Limited's investment in Seven Media Group, a joint venture with Kohlberg Kravis Roberts & Co which encompasses Seven's broadcast television, magazines and online businesses, was considered impaired and its carrying amount reduced to nil at 27 December 2008.

This largely reflects the current global economic challenges and declines in the overall advertising market, and Seven ceased to equity account this investment from this date.

Seven Media Group's broadcast television business' strong performance in a challenging advertising market reflects the network's leadership in breakfast television, news and public affairs and primetime across the current television year.

Seven leads in total viewers and 25-54s across primetime in the 2009 television year. Seven is the most-watched network for total viewers, 18-49s and 25-54s across the 6:00am-midnight broadcast day in 2009.

Seven Network Limited's cornerstone is its investment in Seven Media Group – with the Seven Network, Pacific Magazines and Yahoo!7.

The company is also expanding its presence in media in Australia with key shareholdings in Consolidated Media Holdings, West Australian Newspapers and Prime Media.

Seven Media Group's magazine publishing business, Pacific Magazines, has delivered a strong performance in readership and circulation shares over the past twelve months – up in key publishing categories.

Pacific Magazines out-performed the market in the most recent circulation figures, scoring a 28.8 per cent share of overall circulations, up from a 27.6 per cent share twelve months ago.

The most recent readership figures confirm Pacific Magazines has a 30 per cent share of readership in the overall magazine market and dominates in key publishing categories, including women's weeklies, home and lifestyle, fashion, men's lifestyle, bridal, parenting and youth.

Seven is continuing to build its online and new media presence through Yahoo!7, a joint venture between Seven Media Group and Yahoo! Inc.

Yahoo!7 brings together the online assets of Yahoo! Inc and the television and magazine content of the Seven Network and Pacific Magazines.

The company also combines Yahoo!'s search and communications capabilities and its global internet network, with Seven's rich media and entertainment content and marketing capabilities.

One in every two Australians going online will visit Yahoo!7 every month. Yahoo! Xtra, a partnership between Yahoo!7 and Telecom NZ, maintained its position as the leading portal in New Zealand.

Yahoo!7 continued its strong momentum, out-growing the market in terms of audience and EBITDA margin.

As part of the strategy to build one of the largest online audience distribution platforms in Australia and New Zealand, the business refocused its investment in product and marketing to cement its reach.

TIVO IS DRIVING GROWTH IN THE AUSTRALIAN DIGITAL VIDEO RECORDER MARKET.

The partnership between Seven Media Group and TiVo Inc, the creator of and leader in digital video recorders, is continuing to build a significant market presence for its products which deliver all free-to-air digital broadcast channels, broadband content and an expanding portfolio of consumer services.

In its first twelve months, TiVo is the now the number one selling digital video recorder in the Australian retail market.

Building on the successful launch of TiVo's digital video recorder and services, including the market-leading TiVo user interface in Australia, Seven Media Group has secured a new partnership agreement underpinning the venture's development in New Zealand.

Under this new partnership, Television New Zealand has acquired a 33 per cent shareholding in Hybrid Television Services, a Seven Media Group company formed to develop and market TiVo in Australia and New Zealand. Seven Media Group has a 67 per cent shareholding in the company which will develop TiVo's presence in both Australia and New Zealand.

CONSOLIDATED MEDIA HOLDINGS

On 16 July 2009, the company confirmed its holding of 19.9 per cent in Consolidated Media.

Consolidated Media owns 50 per cent of subscription television programming company, The Premier Media Group, which owns and operates Fox Sports, Fuel TV and the How To Channel, as well as 25 per cent of pay television company Foxtel.

On 10 September 2009, Seven Network Limited confirmed that it had been invited to nominate two directors to join the board of Consolidated Media and had nominated Peter Gammell and Ryan Stokes.

Seven also confirmed that it supported Consolidated Media's buyback of 10 per cent of shares in the company and had entered into a standstill agreement – meaning Seven will not participate in that buyback and will not purchase shares in Consolidated Media for twelve months.

WEST AUSTRALIAN NEWSPAPERS

Seven Network Limited currently has a 23.2 per cent shareholding in West Australian Newspapers Holdings Limited (WAN).

At 28 June 2008, Seven had a 20.1 per cent ownership in WAN which it did not consider conferred a significant influence over WAN and accordingly, it did not account for WAN as an associate.

This changed on 25 September 2008 when two directors of Seven Network Limited – Kerry Stokes and Peter Gammell – were appointed to the board of directors of West Australian Newspapers.

Seven has equity accounted for its investment in WAN from this date.

West Australian Newspapers has a reinvigorated, new, independent board and management team, and has successfully implemented a new organisational structure, introduced new cost management programmes and formed a new online alliance with Yahoo!7.

Across the March quarter, WAN's flagship, The West Australian, recorded its first across-the-board circulation increase in eight years.

Seven's investment in WAN was considered impaired at 27 December 2008 given the significant decline in market values for all media companies.

This decline – coupled with the deteriorating advertising market – led to a reassessment of Seven's investment resulting in an impairment of $312.8 million. No adjustment to the carrying value was required at 27 June 2009.

PRIME TELEVISION

Prime is Seven's major affiliate partner in broadcast television in non-metropolitan markets in Australia.

On 7 April 2009, Seven Network Limited became a substantial shareholder in Prime Media Group, acquiring a 12.5 per cent shareholding as part of $110 million capital raising by Prime.

LISTED SECURITIES

During the twelve months to June 2009, there has continued to be significant decreases in the share prices of certain listed securities held by Seven Network Limited.

As a result, the company has recognised an impairment of $160.8 million for these investments as the company writes down the carrying values to market values at June 2009, as well as a $22.1 million loss on disposals during the period.

UNWIRED

In November 2007, Seven Network Limited undertook an off-market acquisition of 100 per cent of the shares in Unwired Group.

The technical assessment of the company's 4G Network has been completed and Seven Network Limited is currently investigating funding arrangements for the deployment of this network.

In September 2009, VividWireless – an Unwired company – confirmed the first phase of its plans for 4G with the development of infrastructure and services in Perth – an investment commitment of $50 million.

VividWireless will launch in March 2010.

VividWireless allows Seven Network Limited to further strengthen its digital platform for the delivery of content in multicast and broadcast formats.

ENGIN

Seven Network Limited controls Engin, a leading broadband phone company, with an ownership interest of 58.1 per cent.

Engin is now delivering positive monthly cashflow and EBITDA.

The company is the first VoIP provider in Australia to successfully launch a high speed ADSL service and recently unveiled Engin oneHub – an all-in-one internet and telephony device.

Seven Media Group

BROADCAST TELEVISION

Seven is acknowledged as number one in Australian television. More Australians watch Seven than any other television network.

Building on our significant growth in audiences over the past five years and leadership in television in 2007 and 2008, Seven continues to dominate in the current television year.

Across the 2009 television season, the Seven Network is extending its leadership in news and public affairs. Seven leads in total viewers and 25-54s across primetime.

Seven is the most-watched network for total viewers, 18-49s and 25-54s across the 6:00am-midnight broadcast day in 2009.

This is our sixth consecutive year of leadership in breakfast television, our fifth consecutive year of leadership in news and public affairs, our third consecutive year of leadership in primetime and our fourth consecutive year of overall leadership across the broadcast day.

This leadership underscores our commitment to broadcast television.

It is our primary business and will continue to drive our development as a broad-based media company creating new content and delivery platforms, including multiple channels on our digital television platform that will underpin our future, building on the strengths of broadcast television.

Our leadership sees Seven securing a market-leading share of the television advertising market across July-December 2008, underpinned by Seven's strengths in primetime and coverage of the Games of the XXIX Olympiad in Beijing.

We also ranked number one in advertising revenue share across January-June 2009.

Seven dominated the most-watched events on television in 2008, winning the overall year in primetime in key demographics – leading in total viewers, 18-49s and 25-54s when taking in all weeks and all major events, including the Olympic Games.

We also delivered the highest-rating single events and the four highest-rating sports events in 2008: The Olympic Games, the AFL Grand Final, the Australian Open and the Melbourne Cup.

BUILDING ON MARKET LEADERSHIP IN 2008, SEVEN CONTINUES TO DOMINATE AUSTRALIAN TELEVISION IN 2009.

Seven was up in audience share in primetime across the 2008 television year on the network's performance in 2007. Seven also dominated in nightly primetime night wins in 2008 – surpassing its number of nightly primetime victories in 2007.

Seven's new drama series, Packed to the Rafters, was the most-watched regular series on television and in all, we scored 9 of the top 10 regular series on television. Led by Packed to the Rafters, Find My Family and The Zoo, Seven scored 6 of the top 10 new programmes for 2008. The Olympic Games on Seven were the most-watched event on television.

Building on this performance, the Seven Network continues to dominate Australian television in 2009.

Driving our success is our strength in Australian programming. A key part of our strategy is that we originate, produce and own much of our programming.

SEVEN IS THE LEADER IN THE PRODUCTION OF AUSTRALIAN PROGRAMMING.

City Homicide, Packed to the Rafters, Home and Away and All Saints confirm our leadership in the production of Australian drama series. Dancing with the Stars, Australia's Got Talent, Thank God You're Here and World's Strictest Parents have added depth to our audience profile in key demographics.

Our leadership in Australian television extends to Better Homes and Gardens dominating Fridays, and of our factual programming with Border Security, The Force, Air Ways, Surf Patrol, RSPCA Animal Rescue, Find My Family, Medical Emergency and Triple Zero Heroes.

Seven is number one in news and public affairs.

Seven News is the most-watched nightly news bulletin in Australia, up 30 per cent in audience on Nine News. Today Tonight is up 24 per cent in viewers on A Current Affair.

Sunrise continues to dominate breakfast television. Sunrise is up 26 per cent on Today across 6:00-9:00am Monday-Friday.

Sunday Night – our new weekly public affairs programme – delivered an impressive 1.23 million viewers across its first series.

Our planning for 2010 is advanced with a number of new Australian series in development, the forthcoming launch of the new Steven Spielberg – Tom Hanks series, The Pacific, promising new international series including Flash Forward, Day One and Courtney Cox in Cougar Town and confirmation that the network's Desperate Housewives, Grey's Anatomy, Brothers & Sisters, Criminal Minds, Bones and Castle will be back in new series.

Our broadcast television business will move to a new level with multiple channels on our digital television platform. And, with new content distribution technologies delivering expanding opportunities for our programming, we know that the fundamental strengths of broadcast television will continue to underpin our development over the coming decade.

Seven Media Group

SPORTS TELEVISION

The past twelve months confirm Seven's leadership in sports television.

Seven's coverage of The Games of the XXIX Olympiad in Beijing dominated Australian television in 2008.

17.2 million Australians watched all or part of Seven's coverage of the Games of the XXIX Olympiad.

This is the largest audience in the history of television, outpacing all other Olympic Games, including the Olympic Games in Sydney in 2000.

Seven's primetime coverage delivered an average nightly primetime audience of nearly two million viewers across the five major metropolitan markets, scoring a 61 per cent share of audience and outstripping the combined audiences of Nine and Ten.

But beyond the facts and figures of the television audiences for the Games was recognition of the outstanding television production.

Our coverage was acknowledged by our peers in television with the Logie Award for outstanding sports coverage. And, Seven was awarded the highest honour by the International Olympic Committee – the gold award in the Olympic Golden Rings, recognised as having produced the best overall coverage of the Olympic Games in Beijing, defeating the American television network, NBC, and the BBC.

In 2009, Seven's coverage of one of the biggest events on the sports, calendar, The Australian Open surged: up 16% in total viewers, up 13% in 25-54s and up 15% in 18-49s on 2008. With 9.5 million Australians across the five major markets watching all or part of our coverage, we dominated in all audience demographics and nearly matched the combined audiences of Nine and Ten across all hours of coverage.

In 2010, we will launch our year in television with The Australian Open.

2010 SEES US ONCE AGAIN COVER THE EVENT THAT STOPS A NATION: THE MELBOURNE CUP.

The coming twelve months also sees us build on our partnership with the Australian Football League.

Our success with Friday Night Football and Sunday Afternoon Football moves up a notch in the coming twelve months as we broadcast the AFL Grand Final in 2010. In 2008, nearly five million Australians watched all or part of Seven's coverage of the Grand Final.

And in our partnership with another remarkable sports franchise, V8 Supercars, we again tackle the Bathurst 1000 and a Championship that takes in new events, including the Sydney 500.

Across the 2008 Championship and the Bathurst 1000, 7.7 million Australians in the five major metropolitan markets watched all or part of Seven's coverage of V8 Supercars – with a dominating 40 per cent audience share total viewers, a 46 per cent share in 25-54s and a 45 per cent share in 18-49s.

DIGITAL MEDIA

The underlying strengths of broadcast television and our ability to create programmes Australians want to watch will continue to ensure that television is the leading platform for the delivery of content and aggregation of audiences.

WE ARE DEVELOPING A PRESENCE THAT WILL ENHANCE OUR LEADERSHIP IN BROADCAST TELEVISION AND CREATE NEW VENTURES IN A CONVERGING COMMUNICATIONS AND CONTENT LANDSCAPE.

Online and broadband delivery of our content and multiple channel television on our digital broadcast television platform will underpin Seven's development – leveraging our brand, our content and the strength of our broadcast television business in delivering the biggest audiences in a competitive market.

We were the first commercial television network to move into multiple channel television with the launch of 7HD and our new second channel represents the first phase of a long-term strategy to expand our presence in digital television.

This commitment to the creation of a digital platform underlines our partnerships with Yahoo! Inc and TiVo.

Yahoo!7 brings together the online assets of Yahoo! Inc and the television and magazine content of the Seven Network and Pacific Magazines.

The company also combines Yahoo!'s search and communications capabilities and its global internet network, with Seven's rich media and entertainment content and marketing capabilities.

One in every two Australians going online visit Yahoo!7 every month. Our Yahoo! Xtra, a partnership between Yahoo!7 and Telecom NZ, is the leading portal in New Zealand.

Yahoo!7 has continued its strong momentum over the past twelve months, outgrowing the market in audience and as part of the strategy to build one of the largest online audience distribution platforms in Australia and New Zealand, Yahoo!7 has refocused its investment in product and marketing to cement its reach.

YAHOO!7 HAS DELIVERED A STRONG PERFORMANCE OVER THE PAST TWELVE MONTHS.

Yahoo!7's performance over the past twelve months has been positive.

The Yahoo!7 front page saw a solid audience growth and a 63 per cent year-on-year increase in the average time spent per user.

The Yahoo!7 News site saw strong audience growth of 46 per cent and a corresponding 85 per cent growth in the number of pages viewed per user. Yahoo!7 Mail grew its audience 37 per cent year-on-year and Flickr passed one million users to establish itself as Australia's leading photo sharing site. Yahoo!7 Search has 2.3 million users representing a 24 per cent year-on-year increase, Yahoo!7 Answers remained the most popular social search engine with nearly 900,000 users and Yahoo!7 mobile search product launched – averaging 420,000 users per month.

The Yahoo!7 television site, the home of the Seven Network brands online, grew its audience strongly to nearly one million users each month. Mobile users grew from 50,000 per month to 690,000 per month by July 2009
(Source: Yahoo!7 Data Mining 2009)

Yahoo!7 draws upon the scale and technology of Yahoo! Inc to deliver best-in-class targeting solutions for advertisers. Targeting now forms a component in more than 25 per cent of all campaigns run across the Yahoo!7 network. Another major focus for the business has been the creation of a separate direct response division to optimize cost-per-click and cost-per-acquisition campaigns.

Our partnership with TiVo is designed to build a significant market presence for TiVo products which deliver all free-to-air digital broadcast channels, broadband content and consumer services.

We have created a broadcast television digital platform to enable TiVo's digital video recorder and service, including TiVo's award-winning TiVo user interface, and in its first twelve months TiVo now leads the category for retail sales for digital video recorder sales in Australia.

This is a significant development for us and a sign-post to our future.

Coupled with the launch of Freeview, an initiative of all major broadcast television networks to promote digital television and the launch of new channels on digital terrestrial television, TiVo is well-placed to play a key role in building new digital services for consumers as Seven creates and delivers programming across multiple channels on digital free-to-air television.

The success of Yahoo!7 and TiVo confirm our strategy for the future.

It's a future – with broadcast television as its heartbeart – that will see much of our content evolve and develop with multiple applications across an array of delivery platforms.

Our audiences will engage with us on multiple channel television and online, moving seamlessly between the television, the PC and other forms of fixed and wireless technology to experience and engage with our content and our brands.

MAGAZINE PUBLISHING

Our presence in magazine publishing forms a cornerstone in our plans for our future development, building on our strengths in broadcast television and online to create an increasing media presence in Australia.

Today, through our magazine publishing business, Pacific Magazines, we publish a market-leading portfolio of magazines, including New Idea, That's Life!, Better Homes and Gardens, Home Beautiful, marie claire, Men's Health, Women's Health and Who Weekly.

OUR PORTFOLIO CONTINUES TO DELIVER A STRONG PERFORMANCE IN READERSHIP AND CIRCULATION SHARES – UP IN KEY PUBLISHING CATEGORIES IN THE PAST TWELVE MONTHS.

We command a 42 per cent circulation share of the categories in which we publish, with Pacific Magazines recording annual sales of 57 million copies across women's weeklies, home and lifestyle, fashion, women's lifestyle, men's lifestyle, health and youth publishing.

We publish two of Australia's three biggest-selling weekly magazines and three of the five highest-reaching magazines. We dominate readership share in women's weeklies, home and lifestyle, fashion, women's lifestyle, men's lifestyle, bridal, parenting and youth.

Better Homes and Gardens is one of the top three selling magazines in Australia and is leading growth in the home and lifestyle category. New Idea and That's Life! are two of the three biggest-selling weekly magazines in Australia and marie claire is Australia's biggest-selling fashion magazine.

The company is making an impact in the lifestyle markets – with the fast-growing Women's Health and Men's Health driving growth in their respective categories. Men's Health is up 10 per cent year-on-year in readership and Women's Health has delivered the largest increase in readership of any magazine in Australia over the past twelve months.

In the largest publishing category, women's weeklies, Pacific Magazines commands a 47 per cent share of circulation. The company also has a market-leading 47 per cent share of the fashion category, a dominant 61 per cent share of the home and lifestyle category and leadership in the youth magazine market with the two top-selling magazines in the "tween" category delivering a 41 per cent share.

The most recent circulation figures confirm Pacific Magazines scoring a 28.8 per cent share of overall circulations, up from a 27.6 per cent share twelve months ago.

And according to the most recent readership figures, Pacific Magazines has a 30 per cent share of readership in the overall magazine market and dominates in key publishing categories, including women's weeklies, home and lifestyle, fashion, men's lifestyle, bridal, parenting and youth.

Pacific Magazines' titles are leading the growth in the overall magazine market over the past twelve months, with three of biggest magazine year-on-year circulation increases with Better Homes and Gardens, FAMOUS and Diabetic Living, and four of the top five largest readership increases with Women's Health, Better Homes and Gardens, That's Life! and Men's Health.

OUR MAGAZINE PUBLISHING BUSINESS IS BUILT ON GREAT PEOPLE, LEADING BRANDS AND HIGHLY SUCCESSFUL PARTNERSHIPS WITH GLOBALLY RENOWNED PUBLISHERS INCLUDING GROUPE MARIE CLAIRE, MEREDITH, RODALE AND TIME INC.

Pacific Magazines recently launched the healthy lifestyle title Prevention. The title extends the successful publishing partnership between Pacific Magazines and Rodale, with Prevention joining Women's Health and Men's Health in the Pacific-Rodale stable. Prevention is the largest healthy lifestyle brand in the world and the eleventh biggest consumer magazine in the United States.

The launch of Prevention and the continuing growth and increasing market presence of our portfolio of magazine brands underlines our commitment to our future in publishing.

Text Pacific Publishing, the custom and corporate publishing arm of Pacific Magazines, is one of Australia's leading branded content and corporate communications agencies, delivering magazine and corporate publishing solutions for many of Australia's biggest companies and brands, including Virgin Blue, NAB, Nestlè and nib.

Our magazines add to our media presence, allowing us to reach all Australians through television and publishing and creating opportunities to build our company's brands and strengthen our business and marketing partnerships with major advertisers. Seven Media Group is committed to the creation and acquisition of titles and investment in our magazines as we strengthen and enhance the performance of our publishing business.

Sources: Roy Morgan Readership, June 2009, ABC Audit, June 2009

BOARD OF DIRECTORS

KERRY MATTHEW STOKES AC

EXECUTIVE CHAIRMAN SINCE JULY 1999.

Prior to that Non Executive Chairman since June 1995. Appointed a Companion in the General Division of the Order of Australia in the Queen's Birthday honours announced on 9 June 2008.

Chairman of Seven Media Group Pty. Limited since December 2006.

Chairman of Australian Capital Equity Pty Limited Group which has significant interests in activities which include media and entertainment, research and technology development, property and industrial activities.

Director of West Australian Newspapers Holdings Limited since 25 September 2008. Appointed Chairman on 11 December 2008.

PETER DAVID RITCHIE AO

DEPUTY CHAIRMAN SINCE AUGUST 1991.

Officer in the General Division of the Order of Australia. Chairman of the Remuneration Committee and Member of the Audit Committee and Chairman of the Risk and Compliance Committee. Bachelor of Commerce (University of New South Wales). Fellow of CPA Australia.

Former Chairman of McDonalds Australia Limited and former Director of Westpac Banking Corporation, Solution 6 Holdings Limited and the University of New South Wales Foundation Limited.

Current Chairman of Mortgage Choice Limited and a Director since 5 April 2004.

Current Chairman of Reverse Corporation Limited and a Director since 1 October 2002.

DAVID JOHN LECKIE

DIRECTOR SINCE APRIL 2003.

Chief Executive Officer – Broadcast Television, Seven Network Limited.

Chief Executive Officer of the Seven Media Group since December 2006. Director of Seven Media Group Pty. Limited since December 2006.

Bachelor of Arts (Macquarie University), majoring in Economic and Financial Studies.

Former Chairman of Pacific Magazines. Former Chief Executive Officer of the Nine Network. Former Director of Australian News Channel Pty. Limited.

Former Director of Free TV Australia Limited. Former Director of Yahoo!7.

ELIZABETH DULCIE BOLING

DIRECTOR SINCE AUGUST 1993.

Member of the Remuneration Committee and the Risk and Compliance Committee.

Former Chairman and Chief Executive of Southdown Press; former Chief Executive of Magazines, PMP Limited; former Director of News Limited, ING Australia Limited and Tourism Victoria.

Former Member of the board of the Australian Cancer Research Foundation, the Mental Health Research Institute of Victoria and former Trustee of the National Gallery of Victoria.

PETER JOSHUA THOMAS GAMMELL

DIRECTOR SINCE NOVEMBER 1997.

Chairman of the Finance Committee. Member of the Audit Committee and the Internal Audit Committee. Member of the Institute of Chartered Accountants of Scotland.

Director of Seven Media Group Pty. Limited since December 2006.

Managing Director of Australian Capital Equity Pty Limited and Group companies.

Director of National Hire Group Limited from 10 December 2004 to 12 May 2008. Alternate Director of National Hire Group Limited since 12 May 2008.

Director of West Australian Newspapers Holdings Limited since 25 September 2008.

Director of Consolidated Media Holdings Limited since 10 September 2009.

BRUCE IAN MCWILLIAM

DIRECTOR SINCE SEPTEMBER 2003.

Commercial Director, Seven Network Limited. Member of the Risk and Compliance Committee.

Director of Seven Media Group Pty. Limited since December 2006.

Former partner of law firms Gilbert & Tobin, Turnbull McWilliam and Allen Allen & Hemsley specialising in media and commercial law. Former Director BSkyB, Executive Director News International Television and General Counsel, News International plc.

Director of Australian News Channel Pty. Limited. Former Director of Yahoo!7.

Director of Engin Limited since 31 October 2006. Alternate Director of West Australian Newspapers Holdings Limited since 4 November 2008.

Director of Unwired Group Limited since 14 January 2008 (company delisted on 7 May 2008).

Honorary Fellow of the University of Sydney. Chairman, Sydney University Law School Advisory Committee, Council Member, St Pauls College.

RYAN KERRY STOKES

DIRECTOR SINCE DECEMBER 2005.

Bachelor of Commerce (Curtin University). President of Seven Network Asia, Director of Yahoo!7.

Director of Seven Media Group Pty. Limited since December 2006.

Executive and Director of Australian Capital Equity Pty. Limited and associated companies including WesTrac Pty Limited.

Former Chairman of Pacific Magazines.

Former Chairman of Headspace, the Federal Government's National Youth Mental Health Foundation.

Previous experience in international investment banking.

Director of Engin Limited since 31 October 2006.

Alternate Director of West Australian Newspapers Holdings Limited since 4 November 2008.

Chairman of Unwired Group Limited since 8 January 2008 (company delisted on 7 May 2008).

Director of Consolidated Media Holdings Limited since 10 September 2009.

PROFESSOR MURRAY CHARLES WELLS

DIRECTOR SINCE JULY 1995.

Chairman of the Audit Committee and the Internal Audit Committee. Member of the Risk and Compliance Committee and the Finance Committee. PhD, University of Sydney. M.Com, University of Canterbury. Fellow of CPA Australia, Fellow of the Academy of Social Sciences of Australia.

Emeritus Professor of Accounting, former Director of the Graduate School of Business and the Foundation of the Graduate School of Business at the University of Sydney. Former Chairman and Director of Australian National Business School Limited. Executive Director, Australian Scholarships Foundation.

COMPANY SECRETARY

WARREN WALTER COATSWORTH

COMPANY SECRETARY SINCE JULY 2005.

Solicitor holding a current practising certificate with degrees in Arts and Law (Hons) from the University of Sydney. Legal Counsel with the Company for the past nine years, advising broadly across the Network, and formerly a solicitor at Clayton Utz.

He has completed a Graduate Diploma in Applied Corporate Governance and is a qualified Chartered Company Secretary and a member and associate of Chartered Secretaries Australia.

Corporate Governance

YEAR ENDED 27 JUNE 2009

This statement outlines the Company's main corporate governance practices and its compliance with the ASX Corporate Governance Council Recommendations 2nd Edition ("ASX Recommendations").

Various of the corporate governance policies referred to in this statement are available on the Company's website (www.sevencorporate.com.au). Those policies which are not separately available on the Company's website are summarised in this statement. A copy of this statement (including the summaries of the various policies) will be made available on the Company's website.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board is empowered to manage the business of the Company subject to the Corporations Act and the Company's Constitution. The Board is responsible for the overall corporate governance of the Consolidated Entity and the management of the Company including strategic direction, overseeing the financial performance of the Consolidated Entity, capital and risk management, monitoring the business and affairs of the Consolidated Entity and its investments and setting goals for management and monitoring the performance and achievement of management.

Five Directors of the Company are also Directors of Seven Media Group Pty Limited, the holding entity of the Seven Media Group. The management of the Company comprises certain Seven Media Group Executives, for whom a portion of their management time is charged back to the Company for management services provided (appropriate charge back arrangements were put in place at the time of the transaction with Kohlberg Kravis & Roberts in December 2006) as the key executives of the Company devote the majority of their time to Seven Media Group, and those Executives of subsidiaries within the Consolidated Entity, such as Unwired Group Limited and Engin Limited.

It is the role of management to manage the Company in accordance with the direction determined by the Board and the Board's delegations to management under the Company's Delegated Authority Policy. Formal delegations from the Board to management and functions reserved to the Board are set out in the Company's Delegated Authority Policy. The policy details procedures for the authorisation and signing of Company contracts (subject to the Company's Contracting Policy which includes a system of legal review) and authorisations to relevant Executives in relation to expenditure. The Policy also provides that the powers retained by the Board include but are not limited to: appointment and removal of the Chief Executive Officer; approval of Company investment policy and annual budget; approval of administrative policies that significantly affect the overall management of the Company; and capital expenditure, sponsorships and donations, corporate finance loans, treasury dealings and property transactions above levels that are delegated to Executives. Subject to oversight by the Board and exercise by the Board of functions which the Board is required by law to carry out, management carries out functions that are either under the levels delegated to Executives or not specifically reserved to the Board under the Delegated Authority Policy, including those functions and affairs which pertain to the day-to-day management of the operations and administration of the Company.

The functions exercised by the Board and those delegated to management, as disclosed herein, are subject to ongoing review to ensure that the division of functions remains appropriate.

The performance of Senior Executives of the Company is reviewed on an annual basis in a formal and documented interview process with either the Chief Executive Officer or the particular Executive's immediate superior, which evaluates performance against agreed performance goals and assessment criteria in relation to the Senior Executive's duties and material areas of responsibility, including management of relevant business units within budget, motivation and development of staff, and achievement of and contribution to the Company's objectives.

Under a Performance Management Plan, performance-based incentives are available for Seven Media Group Senior Executives tied to performance reviews and the achievement of agreed performance objectives. Assessments for these particular Executives have been undertaken during the financial year in accordance with this process. For further information about performance management of Senior Executives and staff, please see the discussion at Principle 8 below.

For those Executives of subsidiaries, performance assessments have been undertaken during the year by either the Chairman of the respective Board for a Chief Executive Officer, or Chief Executive Officer for other Senior Executives.

Corporate Governance

YEAR ENDED 27 JUNE 2009

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

As at the date of this statement, the Board comprises eight (8) Directors and an alternate Director as follows.
The Non-Independent Directors in office are:

- Mr Kerry Stokes AC — Executive Chairman
- Mr David Leckie — Director and Chief Executive Officer – Broadcast Television
- Mr Peter Gammell — Director
- Mr Bruce McWilliam — Commercial Director
- Mr Ryan Stokes — Director
- Mr Robin Waters — Alternate Director to Mr Peter Gammell

The Independent Directors in office are:

- Mr Peter Ritchie AO — Deputy Chairman and Lead Independent Director
- Professor Murray Wells — Director
- Mrs Dulcie Boling — Director

Mr Kerry Stokes AC, Mr David Leckie, Mr Peter Gammell, Mr Bruce McWilliam and Mr Ryan Stokes are both Directors of the Company and of Seven Media Group Pty Limited.

The skills, experience, expertise and period in office of each Director of the Company at the date of the Annual Report are disclosed in the Board of Directors section of this Annual Report.

In determining whether a Director is independent, the Board conducts regular assessments and has regard to whether a Director is considered to be one who:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the Company or another group member other than as a Director.

The Board has previously determined that a material relationship is to be determined on the basis of fees paid or moneys received or paid to either a Director or a Director-related entity, which may impact the EBITDA of the Company in the previous financial year by more than 5%.

In the Board's view the Independent Directors (identified above) are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Directors' ability to act with a view to the best interests of the Company. In terms of longevity of time in office, the Board does not consider that independence can be assessed with reference to an arbitrary and set period of time. The Company has diverse operations that have grown considerably over time and in the Board's view derives the benefits from having long serving Directors with detailed knowledge of the history and experience of the operations. The Board acknowledges the ASX Recommendation that a majority of the Board should be Independent Directors, however the Directors believe they are able to objectively analyse the issues before them in the best interests of all shareholders and in accordance with their duties as Directors. The Board considers that the individual Directors make highly-skilled decisions in the best interests of the Company, despite the majority of the Board not being Independent Directors.

The Independent Directors meet regularly without management or Non-Independent Directors present.

Mr Kerry Stokes AC is Executive Chairman of the Board of the Company. The Board acknowledges the ASX Recommendation that the Chairman be an Independent Director, however, the Board views as an advantage the Chairman's history of leadership in television management and related media and his grasp of new technologies driving television production and transmission, not to mention his clear incentive to maximize the interests of the Company. Mr Stokes has been involved in investing in and managing diverse businesses for more than four decades and currently has broad business interests and investments in a range of major business sectors in Australia and overseas, including property, construction, mining, oil and gas exploration. His experience and insights continue to be invaluable to the Consolidated Entity. The Board is conscious of the ASX Recommendation that the roles of Chair and Chief Executive Officer should

Corporate Governance

YEAR ENDED 27 JUNE 2009

not be exercised by the same individual. While no Chief Executive Officer, other than the Chief Executive Officer – Broadcast Television, has been appointed to the Company, given the breadth of the Company's investments and the Executive Chairman's extensive business experience, the Board considers it appropriate that the Executive Chairman be considered the most senior executive overseeing and supervising the Company's investments as well as managing the Company's small executive team in regard to this.

The Chief Executive Officer – Broadcast Television is David Leckie who is also the Chief Executive Officer of the Seven Media Group and devotes the majority of his time to Seven Media Group. Given the nature of the investing activities of the Company he works closely with the Executive Chairman and the other key executives and reports to the Board on the performance and operations of the Seven Media Group.

Directors are able to obtain independent professional advice to assist them in carrying out their duties, at the Company's expense.

The function of a Nomination Committee is performed by an informal committee of the Board's Independent Directors identified above as required. The process and policy for appointing a Director is that when the Board considers a vacancy exists for a Board appointment, the Board, assisted by the informal Nomination Committee, identifies candidates with the appropriate expertise and experience, and may at its discretion use external consultants as appropriate. The most suitable candidate is appointed by the Board. The committee of Independent Directors having the function of the Nomination Committee did not meet during the year because there were no appointments to the Board under active consideration and does not operate under a formal charter as the full Board retains the power to nominate and appoint Directors to fill casual vacancies. Directors appointed as casual vacancies hold office until the next General Meeting and are then eligible for re-election.

Under the Constitution of the Company, at the Annual General Meeting one-third of Directors, or if their number is not a multiple of three, then the number nearest one third, and any other Director not in such one-third who has held office for three years or more, excluding the Managing Director, must retire from office and stand for re-election. A Managing Director is not subject to retirement by rotation and is not counted for determining the rotation of the other Directors.

The Notice of Meeting for the Annual General Meeting discloses other key current directorships of Director candidates, as well as other appropriate biographical details and qualifications. Details of Directors, including their time in office, qualifications, experience and special responsibilities are set out in the Board of Directors section of this Annual Report.

The Executive Chairman closely monitors the performance and actions of the Board and its Committees and met regularly with individual Board members during the year to ensure that the Board and its Committees operate effectively and efficiently. The Executive Chairman and each Board member consider the performance of that Board member in relation to the expectations for that Board member and consider any opportunities for enhancing future performance. Matters which may be taken into account include the expertise and responsibilities of the Board member and their contribution to the Board and any relevant Committees and their functions. During the year the Chair of the respective Committees also monitored and evaluated the performance of the Committee – according to the function and objectives of the Committee, its program of work, and the contributions of its members – and discussed the Committee's performance with the Executive Chairman and its members. The Board continues to develop a process for evaluation of the performance of the Board, its Committees and Directors which is and remains appropriate in the Company's circumstances.

Board appointees are inducted through a briefing with the Executive Chairman, discussions of the Company's corporate governance (including its policies and procedures) with the Company Secretary, visits to key business sites and meetings with Company Executives.

The Board, under the terms of appointment of Directors and by virtue of their position, is entitled to access, and is provided with, information concerning the Company needed to discharge its duties efficiently. Directors are entitled, and encouraged, to request additional information if they believe that is necessary to support informed decision making.

Directors variously attend external education seminars and peer group meetings regarding regulatory and compliance developments. The Company arranges presentations to the Board by Executives to update the Directors on the Company's business activities and industry developments.

The Company Secretary is charged by the Board to support the Board's effectiveness by monitoring that Company policies and procedures are followed, and coordinating the timely distribution of Board and Committee agendas and briefing materials.

The Company Secretary's appointment and removal is a matter for the Board. The Company Secretary is accountable to the Board through the Chairman on corporate governance matters. Each of the Directors has access to the Company Secretary.

Corporate Governance

YEAR ENDED 27 JUNE 2009

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

The Company's policy is that Directors and employees maintain the highest ethical standards of conduct, and act honestly, with integrity and in compliance with their legal obligations. Seven Network Limited, as the holding company of investments in public broadcasters, and as a publicly listed company, upholds and maintains the following ethical standards:

- The Commercial Television Industry Code of Practice;
- General statutory requirements and regulations of the Corporations Act, ASX Listing Rules and Income Tax Assessment Act;
- Equal employment opportunity and affirmative action;
- Seven Network encourages a high standard of safe work practices and has implemented Occupational Health & Safety Compliance Procedures;
- Policy of community service through charitable organisations; and
- Policy of responding to and using Seven Network's resources during national disasters and tragedies.

The Company is assessing the Group as part of its compliance with the National Greenhouse and Energy Reporting Act.

Formal Employee Conduct Guidelines have been implemented for employees, including Senior Executives, and Directors, and are available on the Company's website.

The Company has adopted Share Trading Policies for Group Directors and Executives and Staff and summaries of these policies are available on the Company's website.

The Company has adopted a formal Issue Escalation Guideline to encourage the reporting and investigation of unethical and unlawful practices and matters of concern which cannot otherwise be adequately dealt with under Company policies. The Guideline, including employee contacts, is available on the Company's website and is also applicable to the employees of the Seven Media Group.

The Company requires compliance with Company policies by staff under the terms of their employment and carries out training of employees in relation to its policies and procedures.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Board maintains an Audit Committee which comprises Professor Murray Wells as its Chairman, Mr Peter Ritchie AO and Mr Peter Gammell. Professor Wells and Mr Ritchie are Independent Directors and Mr Gammell is a Non-Independent Director. Professor Wells is an Emeritus Professor of Accounting, University of Sydney. Mr Ritchie is a Fellow of CPA Australia. Mr Gammell is a member of the Institute of Chartered Accountants of Scotland. The Board believes the ASX Recommendations are satisfied as regards the technical expertise of the Audit Committee members.

The Audit Committee has a formal Charter, a summary of which is available on the Company's website. The Committee's primary objective is to assist the Board in fulfilling its responsibilities concerning the accounting and reporting practices of the Company and its subsidiaries, the consideration of matters relating to the financial affairs of the Company and its subsidiaries and examination of any other matters referred to it by the Board.

The Audit Committee is also responsible for making recommendations to the Board on the appointment (including procedures for selection), and where necessary, the replacement of the External Auditor; evaluating the overall effectiveness of the external audit function through the assessment of external audit reports and meetings with the External Auditors; reviewing the External Auditor's fees in relation to the quality and scope of the audit with a view to ensuring that an effective, comprehensive and complete audit can be conducted for the fee; and assessing whether non-audit services provided by the External Auditor are consistent with maintaining the External Auditor's independence. Each reporting period, the External Auditor provides an independence declaration in relation to the audit. Additionally, the Audit Committee provides advice to the Board in respect of whether the provision of non-audit services by the External Auditor are compatible with the general standard of independence of auditors imposed by the Corporations Act.

The current practice is for the rotation of the appropriate External Audit partner(s) to occur every five years (subject to the requirements of applicable professional standards and regulatory requirements) with the most recent rotation having occurred at 30 June 2006.

The Audit Committee meets regularly with the External Auditors without management being present.

The number of meetings attended by the Audit Committee members is disclosed in the Directors' Report.

Corporate Governance

YEAR ENDED 27 JUNE 2009

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Company complies with the continuous disclosure obligations of the ASX Listing Rules and, in doing so, immediately notifies the market of any material price sensitive information. The Company has adopted and implemented a Continuous Disclosure Policy which sets out the procedure for the identification of material price sensitive information and reporting of such information to the Company Secretary for review. A summary of the Continuous Disclosure Policy is available on the Company's website.

The Company Secretary has been nominated as the person with primary responsibility for communication and liaison with the ASX in relation to ASX Listing Rules and continuous disclosure issues. The Company Secretary also has responsibility for ensuring internal compliance with those ASX Listing Rules and the oversight of information released to the ASX and shareholders.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

It is the Company's policy as disclosed herein to promote the effective communication with shareholders principally through the Company website, the provision of the Annual Report, including the Financial Statements, and the Annual General Meeting (and any extraordinary meetings held by the Company) and notices of General Meetings. Information concerning resolutions for consideration at the Company's General Meetings is provided in the notice of meeting. Shareholders are encouraged to participate in General Meetings and are invited to put questions to the Chairman of the Board in that forum. The Directors ensure that the Company's External Auditor attends all Annual General Meetings and is available to answer shareholders' questions about the conduct of the audit and the preparation and content of the Auditor's report thereon.

The Company's website provides additional information and greater detail about the Company, including ASX and media releases and access to statements regarding corporate governance-related matters. The Company continues to review its channels of communications with shareholders for cost effectiveness and efficiencies, including using electronic delivery systems for shareholder communications where appropriate.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

The Company recognises that the management of business and economic risk is an integral part of its operations and has in place policies and procedures for the oversight and management of material business risks, including the establishment of the Risk and Compliance Committee. The Risk and Compliance Committee comprises Mr Peter Ritchie AO as its Chairman, Professor Murray Wells, Mrs Dulcie Boling and Mr Bruce McWilliam.

The Board has required management to design and implement a risk management and internal control system to manage the entity's material business risks and report to it on the management of those risks. Through the Risk and Compliance Committee, and facilitated by an external consultant, management undertook a detailed Strategic Risk Assessment during the financial year (following similar risk assessments undertaken since 2004) which identified, assessed and ranked the main strategic risks, including material business risks, facing the Company in respect of which management formulated and recorded the internal risk controls implemented for those risks. This assessment report assisted with the development of a formal risk profile of which the key categories of risk were financial and investment risks.

Additionally, the Company conducted an annual Fraud Risk Survey and maintains a Business Continuity Management System under which critical business processes have been identified across the Company and business continuity plans developed for ongoing review by Head of Internal Audit.

The Risk and Compliance Committee also monitors compliance with applicable laws and regulations. The Committee operates under a formal Charter. A summary of the Risk Management Policy is available on the Company's website.

The Company also has an Internal Audit Committee which reviews relevant controls in the areas of accounting, information and operations and proposes and monitors a program of work that will test and improve the controls implemented by management in these areas. The Internal Audit Committee comprises Professor Murray Wells as its Chairman (also Chairman of the Audit Committee), and Mr Peter Gammell. The Chief Executive Officer - Broadcast Television, the Chief Financial Officer and the Head of Internal Audit also attend meetings of the Internal Audit Committee. The Head of Internal Audit reports directly to the Chairman of the Internal Audit Committee. A statement on the Internal Audit Charter is available on the Company's website.

Corporate Governance

YEAR ENDED 27 JUNE 2009

The risk assessment framework described above and the Internal Audit Charter are an integral part of the process underlying the statement made by the Executive Chairman and the Chief Financial Officer regarding the integrity of the Financial Statements. The statement is founded on a sound system of risk management, internal compliance and control of material business risks which management has reported to the Board was operating effectively in all material respects for the financial year ended 27 June 2009 and provides reasonable assurance that the policies prescribed by the Board, either directly or through delegation to Committees or Senior Executives, have been implemented.

Pursuant to section 295A of the Corporations Act, each person who performs the chief executive function and the chief financial officer function confirm in writing to the Board, who subsequently state in writing to the External Auditors, that the financial records of the Company for the financial year have been properly maintained, the Financial Statements are prepared in accordance with relevant accounting standards, present a true and fair view, and that the integrity of the financial reports is founded on a sound system of risk management and internal compliance and control systems which, in all material respects, implement the policies prescribed by the Board. The Directors' Declaration set out in this Annual Report confirms that the declarations required by section 295A of the Corporations Act have been given.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

The remuneration of the Non-Executive Directors of the Board is restricted, in aggregate, by the Constitution of the Company and the requirements of the Corporations Act. As the Directors consider that the attraction, retention and motivation of its Directors and Senior Executives is of critical importance in securing the future growth of the Company, its profits, share price and shareholder returns, Executive Directors, Non-Executive Directors and Senior Executives may receive performance linked payments and other payments at the discretion of the Board in relation to special services that they perform for the Company. Professor Murray Wells has previously been engaged as an independent consultant to compensate him for the exceptional contribution in both time and experience in relation to his responsibilities as Chairman of the Audit and Internal Audit Committees, capital management and restructure, regulatory and compliance issues, review of investment opportunities and as Board Ombudsman. In order to ensure that his status as an Independent Director is not compromised, the Board has determined, under Article 11.17 of the Constitution that his compensation be paid out of the aggregate maximum payable to Directors.

The Board maintains a Remuneration Committee comprising Mr Peter Ritchie AO as its Chairman and Mrs Dulcie Boling. The Remuneration Committee Charter sets out the role and responsibilities of the Remuneration Committee. The terms of the Committee's charter are summarised below and in the Remuneration Report. The primary functions of the Committee are to review and advise the Board on Directors' fees and the remuneration package of the Chief Executive and Senior Executives, and to provide advice and support and serve as a sounding-board for the Chief Executive and Board in human resource matters. Members of the Remuneration Committee have informal discussions with the Executive Chairman and Chief Executive and provide advice to them and the Board on remuneration-related matters throughout the year, as requested. The Committee also reviews and makes recommendations to the Board on the grant of Options to Executives and is available to review and advise on succession planning and employee development policies. There was no separate meeting of the Remuneration Committee in the financial year as remuneration-related matters were considered in full Board meetings. Remuneration matters which arise in relation to Seven Media Group Executives and employees are determined within the Seven Media Group because it is from that source that the key executives of the Company receive the majority of their remuneration.

The objective of the remuneration process is to ensure that remuneration packages properly reflect the duties and responsibilities of the employees and that the remuneration is at an appropriate but competitive market rate which enables the Company to attract, retain and motivate people of the highest quality and best skills from the industries in which the Company operates. This policy provides for the Chief Executive to consider the remuneration packages paid within the industry and the impact these people are expected to have on the operational and financial performance of the Company.

Remuneration packages may include bonus, option or share elements and the Company has established Share and Option Plans for that purpose. The payment of bonuses shall be based on the achievement of specific goals which relate to the performance of the Company or as otherwise specified in the relevant employment contracts. Share Options are issued as a part of remuneration packages where they are considered appropriate, with exercise prices and hurdle rates which reflect the long-term objectives of the Company.

Corporate Governance

YEAR ENDED 27 JUNE 2009

A Retirement Deed has previously been entered into with four qualifying Non-Executive Directors in relation to the benefit payable on retirement to Directors who have served more than five years. These Retirement Deeds have been in place for a number of years. The benefits payable upon retirement under the Deeds were frozen on 1 August 2003 at three times the average of the Director's emolument over the previous three years and no further increases will apply. From that date, retirement benefits have not been offered to newly appointed Non-Executive Directors. Three Non-Executive Director Retirement Deeds now remain current.

The Company also conducts annual employee performance reviews, involving a written questionnaire, discussion between employee and manager of employee competencies and the agreement of performance goals for the employee.

Performance based incentives of Executive Directors and senior employees and executives of the Seven Media Group are now largely determined within the Seven Media Group however there are still occasions where it is appropriate to issue options to acquire shares in the Company. There are established policies in relation to share trading and trading windows in respect of shares or entitlements owned by executives and senior employees. Also Directors who in the past have granted put or call options over shares held by them in the Company have disclosed this in Appendix 3Y forms lodged with ASX. As the Company's standard option deed prohibit assigning or other dealings with options (prior to exercise) without the Company's consent, it was not considered necessary to establish a policy in relation to entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under an equity based remuneration scheme. The Company will continue to monitor the appropriateness of this approach, and will implement such a policy if it determines that circumstances warrant it in future.

Further details relating to remuneration are contained within the Remuneration Report.

Directors' Report

YEAR ENDED 27 JUNE 2009

The Directors are pleased to present their report together with the financial report of Seven Network Limited (the "Company") and the consolidated financial report of the consolidated entity (the consolidated entity being the Company, its subsidiaries and its interests in associates and jointly controlled entities) for the financial year ended 27 June 2009 and the auditor's report thereon.

DIRECTORS

The names of the persons who have been Directors of the Company during or since the end of the financial year are:

- Kerry Matthew Stokes AC (Executive Chairman)
- Peter David Ritchie AO (Deputy Chairman)
- David John Leckie (Chief Executive Officer – Broadcast Television)
- Elizabeth Dulcie Boling
- Peter Joshua Thomas Gammell
- Bruce Ian McWilliam
- Murray Charles Wells
- Ryan Kerry Stokes
- Robin Frederick Waters (Alternate Director for Mr PJT Gammell)

Particulars of their qualifications, experience, special responsibilities and any directorships of other listed companies are set out in the Annual Report under the headings "Board of Directors" and "Corporate Governance" and form part of this report.

Warren Walter Coatsworth has been Company Secretary since 1 July 2005. Particulars of Mr Coatsworth's qualifications and experience are set out in the Annual Report under the heading "Company Secretary".

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were those of holding interests in the various companies described in this report and overseeing those entities to the extent of its powers. The entity also has cash and other investments. There were no significant changes in the nature of these activities during the financial year.

NET CONSOLIDATED PROFIT

The net amount of the consolidated profit of the consolidated entity for the financial year after provision for income tax was $8,208,000 (2008: $141,594,000).

DIVIDENDS – ORDINARY SHARES

Since the start of the financial year, a final fully franked dividend for the 2008 financial year of 17.0 cents per share, amounting to $34,510,000, was paid on 24 October 2008.

Since the start of the financial year, an interim fully franked dividend for the 2009 financial year of 17.0 cents per share, amounting to $32,344,000, was paid on 15 April 2009.

A final fully franked dividend for the 2009 financial year of 17.0 cents per share, amounting to $32,344,000 will be paid on 23 October 2009, based on the number of issued shares at the date of this report.

DIVIDENDS – TELYS3

Since the start of the financial year, a fully franked dividend of $3.6570 per TELYS3 based on 4,963,640 TELYS3 on issue, amounting to $18,152,000 was paid on 1 December 2008.

A further fully franked dividend of $2.2757 per TELYS3 based on 4,963,640 TELYS3 on issue, amounting to $11,296,000, was paid on 1 June 2009.

REVIEW AND RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE CONSOLIDATED ENTITY AND BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

A review of the operations during the financial year of the consolidated entity, and of the results of those operations, and of the financial position of the consolidated entity and its business strategies and prospects for future financial years is set out in the Annual Report under the heading "From the Executive Chairman" and "Year in review".

Directors' Report

YEAR ENDED 27 JUNE 2009

CHANGE IN STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

- On 10 September 2008, holders of shares and TELYS3 approved a new market buy back programme for up to 40.0 million ordinary shares. Since that date, to the end of the financial year, 14,641,493 shares have been bought back under this buy back programme. During the financial year, 1,175,797 shares were bought back under prior buy back arrangements.
- On 31 March 2009, the Company's investment in WAN increased to 23.2%.
- On 7 April 2009, the Company announced its acquisition of a 12.5% shareholding in Prime Media Group Limited, through an initial investment of $20 million.

In the opinion of the Directors there were no other significant changes in the state of affairs of the consolidated entity that occurred during the financial year.

EVENTS AFTER END OF FINANCIAL YEAR

- On 10 July 2009, the Company announced its acquisition of a 18.3% shareholding in Consolidated Media Holdings Limited. On 16 July 2009, the Company's investment in Consolidated Media Holdings Limited increased to 19.9%. On 10 September 2009, Mr P Gammell and Mr R Stokes were appointed to the Board of Consolidated Media Holdings Limited.
- On 2 September 2009, VividWireless, a Seven Network Limited company, announced plans to build Australia's only 4G wireless broadband network. The company announced that the country's fastest wireless broadband service will be rolled out to consumers in Perth in March 2010. Funding of approximately $50 million has been committed to the roll out.
- The proposed issue of 2,000,000 options to Mr B McWilliam and 3,000,000 options to Mr D Leckie under new option deeds are subject to approval at the Company's 2009 Annual General Meeting.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED FUTURE RESULTS

Except for matters otherwise disclosed in this report or the financial report, information as to likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because, in the opinion of the Directors, to do so would prejudice the interests of the consolidated entity.

DIRECTORS' INTERESTS IN SECURITIES

The relevant interest of each Director in the share capital or options issued by the companies within the consolidated entity, as notified by the Directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act, at the date of this report is as follows:

DIRECTORS' HOLDINGS OF SEVEN NETWORK LIMITED SHARES AS AT 25 SEPTEMBER 2009

	Ordinary Shares	Options over Ordinary Shares	TELYS3
KM Stokes AC	92,814,349	Nil	Nil
PD Ritchie AO	46,072	Nil	Nil
DJ Leckie	66,908	Nil	Nil
ED Boling	Nil	Nil	Nil
PJT Gammell	Nil	Nil	Nil
BI McWilliam	177,057	Nil	273
RK Stokes	23,000	Nil	Nil
MC Wells	4,000	Nil	710
RF Waters	Nil	Nil	Nil

Directors' Report

YEAR ENDED 27 JUNE 2009

OPTIONS ISSUED OVER ORDINARY SHARES IN SEVEN NETWORK LIMITED

Details of options issued and exercised under individual Option Deeds, prior to the financial period to which this report relates, were stated in previous Directors' Reports. During the financial year and up to the date of this report, no options were issued or exercised. No options lapsed.

On 20 February 2009, 1,000,000 options with an exercise price of $9.75, 250,000 options with an exercise price of $10.00, 1,250,000 options with an exercise price of $11.00 and 750,000 options with an exercise price of $12.00 were cancelled. Details relating to the option cancellation in respect of Key Management Personnel appear below under the heading "Remuneration Report".

At the date of this report, the following options to acquire an equivalent number of ordinary shares in the Company under individual Option Deeds are outstanding:

Options on Issue	Exercise Price	Expiry Date
150,000	$7.11	21 March 2010
100,000	$9.00	1 January 2011
500,000	$9.00	30 June 2012
250,000	$10.00	30 June 2012
250,000	$11.00	30 June 2012
25,000	$7.00	1 June 2015
1,275,000		

The table above excludes options agreed to be granted to Mr B McWilliam and Mr D Leckie that are subject to shareholder approval at the forthcoming annual general meeting. Details of which shall be set out in the 2009 Notice of Annual General Meeting.

The names of the executives who currently hold options, granted at any time, are entered in the Register of Options kept by the Company pursuant to Section 170 of the Corporations Act. The Register may be inspected free of charge.

None of the options, referred to above issued by the Company or its controlled entities, entitle the holders to participate in any share issue of the Company or any other body corporate. There are no unissued shares under option as at the date of this report, other than those referred to above.

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors (including meetings of committees of Directors) held during the financial year, and the number of those meetings attended by each Director, was:

	BOARD		AUDIT COMMITTEE		INTERNAL AUDIT COMMITTEE		RISK & COMPLIANCE COMMITTEE	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
DIRECTOR								
KM Stokes AC	14	13	0	0	0	0	0	0
PD Ritchie AO	14	13	4	3	0	0	3	3
DJ Leckie	14	14	1	1	2	2	0	0
ED Boling	14	14	0	0	0	0	3	3
PJT Gammell	14	14	4	4	4	4	0	0
BI McWilliam	14	13	3	3	0	0	3	1
RK Stokes	14	13	0	0	0	0	0	0
MC Wells	14	14	4	4	4	4	3	3
ALTERNATE DIRECTOR								
RF Waters	0	0	0	0	0	0	0	0

Directors' Report

YEAR ENDED 27 JUNE 2009

The number of meetings held reflects the number of meetings held while the Director concerned held office during the year. A Director may also have been absent from a meeting if there was a conflict of interest or if the Director was not a member of the particular committee. Not all Directors are members of all committees.

INDEMNITIES

The Constitution of the Company provides an indemnity to any current and former Director, secretary and executive officer of the Company against any liabilities incurred by that person in defending any proceedings relating to that person's position with the Company in specified circumstances. The Constitution also indemnifies the same persons in specified circumstances against liabilities incurred as officers from 15 April 1994 to persons other than the Company and its related bodies corporate.

INSURANCE PREMIUMS

Since the end of the previous financial year, the Company has paid insurance premiums in respect of a directors' and officers' liability insurance contract insuring against certain liabilities (subject to exclusions) all current and former officers of the Company and its subsidiaries, including all Directors named in this report, the Company Secretary and all persons concerned in, or taking part in the management of, the Company and its controlled entities, and former Directors and officers who have retired or relinquished their positions.

The insurance policies prohibit disclosure of the premiums paid in respect of those policies and the nature of the liabilities insured by the policies.

ENVIRONMENTAL DISCLOSURE

In respect of the environmental regulations under any laws of the States, Territories and Commonwealth of Australia, the significant regulations that apply to our current operations are those guidelines and standards issued by the Australian Communications and Media Authority. It is the Directors' understanding that the Company is fully compliant with the provisions of these guidelines and standards. Various State Environmental Protection Authorities have issued licenses to the Company under the laws of the respective States.

All requirements and conditions of these licenses have been complied with to the satisfaction of the issuing authority.

NON AUDIT SERVICES

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties. These other services are set out below.

The Board has considered the non audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit Committee, is satisfied that the provision of those non audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee in terms of its formal Auditor Independence Policy to ensure that they do not impact the integrity and objectivity of the auditor; and
- the non audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

NON AUDIT SERVICES	2009 $	2008 $
KPMG Australia:		
– Other assurance services	16,000	111,000
– Due diligence services	Nil	Nil
Overseas KPMG firms:		
– Other assurance services	Nil	15,000
Other auditors:		
– Other assurance services	Nil	20,000
– Taxation services	Nil	119,000
Total	16,000	265,000

Directors' Report

YEAR ENDED 27 JUNE 2009

The lead auditor's independence declaration is set out on page 36 and forms part of the Directors' Report for the year ended 27 June 2009.

REMUNERATION REPORT

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for making recommendations to the Board on remuneration and compensation policies and packages for all staff, including Board members and Executives of the Company and the Group.

Role of the Committee

The Remuneration Committee operates under the delegated authority of the Board. Its responsibilities include:

- advising the Chief Executive Officer as requested on Executive remuneration and compensation, the appointment of new senior staff (including proposed remuneration and compensation packages) and the Corporate and Remuneration Structure;
- making recommendations to the Board on the remuneration and compensation of the Chief Executive Officer and the awarding of contracted bonuses;
- obtaining external advice on which to make recommendations to the Board on the remuneration and compensation of Non Executive Directors;
- reviewing and making recommendations to the Board on all grants of Executive options and the overall functioning of these grants;
- providing an overview of the corporate remuneration and compensation strategy for all staff and giving input to Executives on remuneration competitiveness in the marketplace and industry; and
- reviewing and advising on Executive succession planning and employee development policies.

Membership and Meetings

The current members of the Committee are:

Name	Position Held	Status
Peter David Ritchie AO	Chairman	Independent Director
Elizabeth Dulcie Boling	Member	Independent Director

Advisors

The Committee is able to obtain independent professional advice to assist them in carrying out their duties as required and at the Company's expense.

REMUNERATION PRINCIPLES AND POLICY

Both the Board and the Remuneration Committee recognise that the Company and Group operate in competitive industries and that Company and Group performance is dependent on the quality and enthusiasm of its staff.

The key principles of the Company's Remuneration Policy are to remunerate and compensate fairly and responsibly; to remunerate competitively enabling the attraction, retention and motivation of staff of the highest quality and best skills from the industries in which the Company and Group operate; and to ensure that remuneration packages properly reflect the duties and responsibilities of the staff member, including the impact they are expected to have on operational and financial performance.

Key Management Personnel have authority and responsibility for planning, directing and controlling the activities of the Company. For 2009, Key Management Personnel comprise the Directors of the Company and the Chief Financial Officer. The Company Secretary is a Company Executive.

Key Management Personnel include Directors and the most highly remunerated executives except that the Company Secretary is not considered Key Management Personnel. Accordingly, the Company Secretary has not been included in Key Management Personnel disclosures in the financial report.

REMUNERATION STRUCTURE

Remuneration levels for the Key Management Personnel and Executives of the Company and the Group are competitively set to attract and retain appropriately qualified and experienced individuals. The Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages of both the Company and the Group given trends in comparative companies both locally and internationally and the objectives of the Company's Remuneration Policy.

Directors' Report

YEAR ENDED 27 JUNE 2009

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the Key Management Personnel or Executive;
- the Key Management Personnel's or Executive's ability to control the relevant segment's performance;
- the Group's performance including the Group's earnings, the growth in share price and shareholder wealth; and
- the amount of incentives within each Key Management Person's and Executive's compensation.

Remuneration consists of two elements: fixed remuneration and performance linked remuneration.

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any Fringe Benefit Tax (FBT) charges related to employee benefits), as well as employer contributions to superannuation funds and guaranteed bonus payments. Remuneration levels are reviewed by the Remuneration Committee through a process that considers individual, segment and overall performance of the consolidated entity. In addition, external consultants may provide analysis and advice to ensure the Directors' and Executives' remuneration is competitive in the market place. An Executive's remuneration is also reviewed on promotion.

Performance linked remuneration

Performance linked remuneration is designed to reward Executive Directors (excluding the Executive Chairman) and Company Executives for meeting or exceeding their financial and personal objectives.

Performance linked remuneration formed part of the remuneration arrangements for Executive Directors, Mr Leckie and Mr McWilliam and the Chief Financial Officer, Mr Lewis, in the form of option grants and participation in Seven Media Group incentive plans.

On 20 February 2009, the Option grants for Mr Leckie, Mr McWilliam and Mr Lewis were cancelled by the Board. The closing share price at the date of cancellation was $5.60. At the date of cancellation, the Options cancelled were of negligible value.

Immediately before the cancellation, the terms of the Option grants and their associated performance conditions were as follows:

Tranche	First Exercise Date	Last Exercise Date	Number of Options	Exercise Price
TERMS FOR MR LECKIE				
2	2 April 2008	17 Nov 2010	1,000,000	$ 9.75
3	2 April 2009	17 Nov 2010	500,000	$ 11.00
Total			1,500,000	
TERMS FOR MR MCWILLIAM				
2	30 June 2008	30 June 2011	500,000	$ 11.00
3	30 June 2009	30 June 2011	500,000	$ 12.00
Total			1,000,000	
TERMS FOR MR LEWIS				
1	30 June 2007	30 June 2011	250,000	$ 10.00
2	30 June 2008	30 June 2011	250,000	$ 11.00
3	30 June 2009	30 June 2011	250,000	$ 12.00
Total			750,000	

Performance Conditions – Mr Leckie and Mr McWilliam

Each tranche of options was exercisable as follows:

- on or after the First Exercise Date for that tranche, if the Company's TSR growth was greater than or equal to the growth in the S&P/ASX 200 Accumulation Index measured from the Director's date of appointment to the relevant First Exercise Date; or
- if the Company's TSR growth was greater than or equal to the growth in the S&P/ASX 200 Accumulation Index for the period up to the relevant First Exercise Date, the options could have been exercised up to the Last Exercise Date if the growth in the Company's TSR measured from the First Exercise Date up to the date of calculation exceeded the growth in the S&P/ASX 200 Accumulation Index for that period for 60 consecutive days during the period between the relevant First Exercise Date and the Last Exercise Date.

Directors' Report

YEAR ENDED 27 JUNE 2009

Performance Conditions – Mr Lewis

All options were subject to the TSR hurdle and were to vest in three annual tranches in June 2007, 2008 and 2009. The options could have been exercised if the Company's TSR growth was greater than or equal to the growth in the S&P/ASX 200 Accumulation Index measured over the period up to the vesting date.

TSR growth calculations were made by independent remuneration consultants and approved by the Chairman of the Remuneration Committee. This ensured consistency and certainty in the manner in which the performance hurdles for the Options were measured.

For each of Mr Leckie, Mr McWilliam and Mr Lewis, the Options were cancelled in their entirety during the year for no consideration. No new options were issued during the period.

A review of the remuneration particulars of the Key Management Personnel and Executives of the Company follows.

Directors of the Company

At the date of this Report, there were eight Directors of the Company:

- Kerry Matthew Stokes AC
- Peter David Ritchie AO
- David John Leckie
- Elizabeth Dulcie Boling
- Peter Joshua Thomas Gammell
- Bruce Ian McWilliam
- Ryan Kerry Stokes
- Murray Charles Wells

Robin Frederick Waters is appointed as an Alternate Director for PJT Gammell. Mr Waters does not receive any remuneration for acting as an Alternate Director.

The remuneration of the Directors is determined by the Board, acting on recommendations made by the Remuneration Committee. The objective of the Committee in making its recommendations is to attract, retain and properly motivate Directors who will, through their contribution to the Board and the Seven Group, work towards creating sustainable value for shareholders and stakeholders.

In making recommendations to the Board, the Committee may take into account advice from independent consultants and advisors on local and international trends in Director remuneration and compensation.

- The remuneration of Directors comprises a base fee, non cash benefits and FBT and employer superannuation guarantee contributions.
- Options may also be granted to Executive Directors. No options are currently held by any Executive Director.
- Performance linked remuneration does not currently form an element of the remuneration of the Non Executive Directors, however, Non Executive Directors may receive performance linked payments and other payments at the discretion of the Board in relation to special services that they perform for the Company.
- No options are currently held by any Non Executive Director.

The remuneration of the Non Executive Directors is restricted, in aggregate, by the Constitution of the Company, which may only be amended by the shareholders in General Meeting and the requirements of the Corporations Act. The aggregate pool available for payment of fees to Non Executive Directors of the Company is currently a maximum of $1.5 million per annum.

Retirement Deeds have previously been entered into with four qualifying Non Executive Directors in relation to the benefit payable on retirement to Directors who have served more than five years. These Retirement Deeds have been in place for a number of years. The benefits payable upon retirement under the Deeds were frozen on 1 August 2003 at three times the average of the Director's emolument over the previous three years and no further increases will apply. From that date, retirement benefits have not been offered to newly appointed Non Executive Directors. Three Non Executive Director Retirement Deeds now remain current.

Directors' Report

YEAR ENDED 27 JUNE 2009

Company and Group Executives

The Executives discussed in this section are Mr Lewis, Chief Financial Officer and a member of the Company's Key Management Personnel and Mr Coatsworth, Company Secretary and Company Executive. Mr Lewis who is a Group and Company Executive and Mr Coatsworth who is a Company Executive received the highest remuneration for the year ended 27 June 2009 (excluding the Executive Directors). Remuneration for Mr Lewis and Mr Coatsworth relate to amounts recharged by Seven Media Group for the financial year. In the opinion of the Board, there are no other Key Management Personnel (as defined in AASB 124) employed by the consolidated entity.

As noted above, remuneration and compensation for Company and Group Executives is divided into two components, fixed and performance linked. The performance linked component is derived only in circumstances where the individual has met challenging personal objectives and corporate performance hurdles, (in respect to issued options), which contribute to the Seven Group's overall profitability and performance.

The Chief Executive Officer may be advised in relation to the Remuneration Structure of Company and Group Executives by the Remuneration Committee. Remuneration Policy provides for the Chief Executive Officer to consider remuneration packages paid within the industry and the impact the Executives are expected to have on the operational and financial performance within the Seven Group.

- Remuneration for these Executives comprises a base fee, non cash benefits and FBT and employer superannuation guarantee contributions. Options may also be granted to these Executives. No options are currently held by either Executive.
- Remuneration packages may include the payment of a performance bonus.

Employment Contracts

The services of the Executives below are provided to the Company pursuant to a charge-back arrangement with the Seven Media Group, which employs each of them. Details of the duration of contracts, the period of notice required to terminate the contract and the termination payments provided for under the contract are as follows:

Name	Duration of the Contract	Period of Notice Required to Terminate the Contract
DJ Leckie	3 years	The contract term expires at the end of the fixed term or such later date of which no less than 6 months notice has been given by either party.
BI McWilliam	3 years	3 months notice given by either party after the fixed term.
PJ Lewis	3 years	3 months notice given by either party after the fixed term.
WW Coatsworth	3 years plus a 1 year option	On expiry of the contract term, either party may terminate by giving reasonable notice.

The employment contracts referred to above are currently on foot and variously part performed as to the duration of each of them. The contracts are terminable in the event of the employee's serious misconduct or a non-rectified material breach. Only remuneration which is due but unpaid up to the date of termination and normal statutory benefits will be paid to the employee in these circumstances. There are no formal employment contracts for the other Non Executive Directors and Executive Directors.

Remuneration that consists of "Securities"

There was no element of remuneration for Directors or Company Executives for the financial year ended 27 June 2009 that consisted of securities of the Company that was not dependent on the satisfaction of a performance condition. All outstanding Key Management Personnel Options were cancelled during the year; there were no additional Options issued.

Remuneration and Compensation details of Directors and Company Executives for the Years Ended 27 June 2009 and 28 June 2008

The following tables provide the details of all Directors of the Company (Specified Directors) and the Executives of the consolidated entity with the authority to plan, direct and control the activities of the entity (Key Management Personnel) and the nature and amount of the elements of their compensation for the years ended 27 June 2009 and 28 June 2008.

Directors' Report

YEAR ENDED 27 JUNE 2009

	PRIMARY			POST-EMPLOYMENT		EQUITY COMPENSATION	
	Salary & Fees	Bonus	Non Monetary	Termination	Super-annuation	Value of Options	TOTAL
2009	$	$	$	$	$	$	$
KEY MANAGEMENT PERSONNEL – DIRECTORS							
KM Stokes AC (Executive Chairman)	105,000	–	9,834	–	9,450	–	124,284
PD Ritchie AO (Deputy Chairman)	95,000	–	–	–	8,550	–	103,550
ED Boling	103,550	–	4,047	–	–	–	107,597
PJT Gammell	95,000	–	–	–	8,550	–	103,550
DJ Leckie (Chief Executive Officer – Broadcast Television)^	527,528	–	7,268	–	3,436	91,059*	629,291
BI McWilliam (Commercial Director)^	221,564	–	1,074	–	3,436	247,756*	473,830
RK Stokes	85,000	–	–	–	7,650	–	92,650
MC Wells	230,000	–	–	–	–	–	230,000
Total Directors	1,462,642	–	22,223	–	41,072	338,815	1,864,752
KEY MANAGEMENT PERSONNEL – EXECUTIVE AND COMPANY EXECUTIVE							
PJ Lewis (Chief Financial Officer)^	110,512	–	91,811	–	3,854	73,655*	279,832
WW Coatsworth (Company Secretary)^	40,064	–	–	–	3,436	–	43,500
Total Executives	150,576	–	91,811	–	7,290	73,655	323,332
Total Key Management Personnel	1,613,218	–	114,034	–	48,362	412,470	2,188,084

* 2009 proportion of remuneration performance based D. Leckie 14.5%, B. McWilliam 52.3%, P. Lewis 26.3%

^ Remuneration, other than equity compensation, for Mr Leckie, Mr McWilliam, Mr Lewis and Mr Coatsworth, relates to amounts recharged by Seven Media Group for the financial year

2008	PRIMARY Salary & Fees $	Bonus $	Non Monetary $	POST-EMPLOYMENT Termination $	Super-annuation benefits $	EQUITY COMPENSATION Value of Options $	TOTAL $
KEY MANAGEMENT PERSONNEL – DIRECTORS							
KM Stokes AC (Executive Chairman)	105,000	–	5,469	–	9,452	–	119,921
PD Ritchie AO (Deputy Chairman)	95,000	–	5,223	–	8,550	–	108,773
ED Boling	103,550	–	–	–	–	–	103,550
PJT Gammell	95,000	–	–	–	8,550	–	103,550
DJ Leckie (Chief Executive Officer – Broadcast Television)^	516,345	–	4,686	–	3,282	413,921+	938,234
BI McWilliam (Commercial Director)^	221,718	–	2,024	–	3,282	717,991+	945,015
RK Stokes	85,000	–	–	–	7,650	–	92,650
MC Wells	230,000	–	–	–	–	–	230,000
Total Directors	1,451,613	–	17,402	–	40,766	1,131,912	2,641,693
KEY MANAGEMENT PERSONNEL – EXECUTIVE AND COMPANY EXECUTIVE							
PJ Lewis (Chief Financial Officer)^	112,659	–	65,427	–	9,013	212,702 +	399,801
WW Coatsworth (Company Secretary)^	38,994	–	–	–	3,256	–	42,250
Total Executives	151,653	–	65,427	–	12,269	212,702	442,051
Total Key Management Personnel	1,603,266	–	82,829	–	53,035	1,344,614	3,083,744

\+ 2008 proportion of remuneration performance based D. Leckie 44.1%, B. McWilliam 76.0%, P. Lewis 53.2%
^ Remuneration, other than equity compensation, for Mr Leckie, Mr McWilliam, Mr Lewis and Mr Coatsworth, relates to amounts recharged by Seven Media Group for the financial year

REMUNERATION POLICY AND SEVEN GROUP PERFORMANCE

The chart below shows the consolidated group performance in key areas over the last five years:

	2005	2006	2007	2008	2009
Net profit attributable to shareholders ($ 000)	83,710	107,677	1,621,951	141,594	8,208
Basic earnings/(loss) per ordinary share (cents)	28.0	36.0	724.0	49.0	(8.0)
Dividends paid per ordinary share (cents)	23.5	27.5	29.0	34.0	34.0
Share price at financial year end	$6.96	$8.17	$11.55	$7.15	$5.47

Seven operates in highly competitive industries, particularly those of broadcasting and publishing. The Board considers that the attraction, retention and motivation of its Directors, Company Executives, and indeed all Group Staff, to be of critical importance in securing the future growth of the Group, its profits, share price and shareholder returns. The Remuneration Structure is monitored closely by the Board, the Remuneration Committee and the Chief Executive Officer.

The Company provided existing participants of the Seven Employee Share Plan with the opportunity to salary sacrifice contributions to be allocated fully paid ordinary shares in the Company up to 28 February 2009. Subsequent to the federal government budget being presented in May 2009 the Seven Employee Share Plan was suspended until legislation relating to the tax treatment of employee share plans is finalised. It is anticipated that the Employee Share Plan will be offered again at this time.

Directors' Report

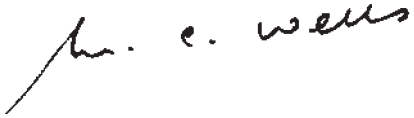
YEAR ENDED 27 JUNE 2009

As detailed in the sections above, the Remuneration Structure of the consolidated group is varied and is designed to offer appropriate rewards for those giving superior performance. It is also designed to even more closely align their interests to those of shareholders and other stakeholders. The remuneration structure is focused on achievement of the Group's financial and operating objectives. The incentive to achieve these objectives is an important contributing factor in the Group's financial performance and, ultimately, the value of the Company's shares and distributions to shareholders.

ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in this report and the accompanying financial report have been rounded off to the nearest one thousand dollars unless otherwise stated.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the Directors.



KM Stokes AC
Executive Chairman

MC Wells
Chairman of the Audit Committee

Sydney
25 September 2009

Auditor's Independence Declaration

YEAR ENDED 27 JUNE 2009

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: The Directors of Seven Network Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 27 June 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Kenneth Reid
Partner

Sydney

25 September 2009

Income Statements

YEAR ENDED 27 JUNE 2009

		CONSOLIDATED		COMPANY	
		2009	2008	**2009**	2008
	Note	**$'000**	$'000	**$'000**	$'000
Revenue	3	**124,199**	90,299	**-**	-
Other income	3	**1,363,862**	24,602	**13,000**	3,740
Share of results and impairment from equity accounted investees	14	**(1,064,169)**	32,399	**-**	-
Expenses	3	**(331,292)**	(109,110)	**(844,130)**	-
Profit/(loss) before net finance income and tax		**92,600**	38,190	**(831,130)**	3,740
Finance income	4	**78,410**	130,970	**38,526**	76,699
Finance costs	4	**(2,918)**	(1,648)	**-**	(129)
Net finance income	4	**75,492**	129,322	**38,526**	76,570
Profit/(loss) before tax		**168,092**	167,512	**(792,604)**	80,310
Income tax (expense)/benefit	6	**(159,884)**	(25,918)	**270,946**	20,903
Profit/(loss) for the period		**8,208**	141,594	**(521,658)**	101,213
Attributable to:					
Equity holders of the Company		**12,486**	141,594	**(521,658)**	101,213
Minority interest		**(4,278)**	-	**-**	-
Profit/(loss) for the period		**8,208**	141,594	**(521,658)**	101,213
EARNINGS PER SECURITY (EPS)					
Ordinary shares					
Basic earnings per share ($)	8	**(0.08)**	0.49		
Diluted earnings per share ($)	8	**(0.08)**	0.49		

The income statements are to be read in conjunction with the notes to the financial statements.

Balance Sheets

YEAR ENDED 27 JUNE 2009

	Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	COMPANY 2009 $'000	COMPANY 2008 $'000
CURRENT ASSETS					
Cash and cash equivalents	9	**1,374,853**	1,235,911	**50**	50
Trade and other receivables	10	**16,389**	21,625	**-**	-
Inventories	11	**387**	1,154	**-**	-
Assets classified as held for sale	12	**23,251**	25,566	**-**	-
Other current assets	13	**1,500**	1,918	**-**	-
Total current assets		**1,416,380**	1,286,174	**50**	50
NON-CURRENT ASSETS					
Receivables	10	**10,802**	16,800	**2,154,108**	2,322,599
Investments accounted for using the equity method	14	**285,983**	10,125	**-**	-
Other investments	15	**417,296**	1,236,207	**3,000**	808,259
Property, plant and equipment	16	**31,462**	47,826	**-**	-
Spectrum licences and software	17	**99,352**	154,699	**-**	-
Goodwill	18	**-**	3,021	**-**	-
Total non-current assets		**844,895**	1,468,678	**2,157,108**	3,130,858
Total assets		**2,261,275**	2,754,852	**2,157,158**	3,130,908
CURRENT LIABILITIES					
Trade and other payables	19	**38,038**	58,801	**3,652**	4,298
Interest bearing loans and liabilities	20	**1,302**	58,426	**-**	-
Current tax liabilities		**-**	3,525	**-**	3,525
Provisions	21	**946**	1,105	**-**	-
Total current liabilities		**40,286**	121,857	**3,652**	7,823
NON-CURRENT LIABILITIES					
Trade and other payables	19	**5,625**	5,625	**-**	-
Interest bearing loans and liabilities	20	**5,299**	6,100	**-**	-
Deferred tax liabilities	6	**237,005**	80,176	**227,900**	490,865
Provisions	21	**1,958**	1,669	**-**	-
Deferred income	22	**7,321**	562,367	**-**	-
Total non-current liabilities		**257,208**	655,937	**227,900**	490,865
Total liabilities		**297,494**	777,794	**231,552**	498,688
Net assets		**1,963,781**	1,977,058	**1,925,606**	2,632,220
EQUITY					
Issued capital	23	**551,834**	641,009	**551,834**	641,009
Reserves	24	**34,348**	(129,679)	**11,652**	11,131
Retained earnings	25	**1,374,876**	1,458,727	**1,362,120**	1,980,080
Total equity attributable to equity holders of the Company		**1,961,058**	1,970,057	**1,925,606**	2,632,220
Minority interest		**2,723**	7,001	**-**	-
Total equity		**1,963,781**	1,977,058	**1,925,606**	2,632,220

The balance sheets are to be read in conjunction with the notes to the financial statements.

Cash Flow Statements

YEAR ENDED 27 JUNE 2009

	Note	CONSOLIDATED		COMPANY	
		2009	2008	**2009**	2008
		$'000	$'000	**$'000**	$'000
CASH FLOWS RELATED TO OPERATING ACTIVITIES					
Receipts from customers		**71,304**	36,709	**-**	-
Payments to suppliers and employees		**(95,524)**	(100,372)	**-**	-
Dividends received from equity accounted investees		**350**	200	**-**	-
Other dividends received		**56,914**	56,978	**-**	-
Interest and other items of a similar nature received		**85,492**	141,161	**177**	-
Interest and other costs of finance paid		**(4,085)**	(349)	**-**	(129)
Income taxes refunded/(paid)		**2,388**	(53,113)	**2,388**	(53,113)
Net operating cash flows	34	**116,839**	81,214	**2,565**	(53,242)
CASH FLOWS RELATED TO INVESTING ACTIVITIES					
Payments for purchases of property, plant and equipment		**(1,067)**	(2,876)	**-**	-
Payments for purchases of software		**(648)**	(1,566)	**-**	-
Payments for investments		**(143,057)**	(1,195,794)	**-**	-
Proceeds from sale of investments		**391,708**	182,562	**-**	-
Payments for controlled entities, net of cash acquired [(a)]	29	**-**	(124,365)	**-**	-
Loans and deposits repaid to/(issued by) the Group		**69**	(1,590)	**-**	-
Net investing cash flows		**247,005**	(1,143,629)	**-**	-
CASH FLOWS RELATED TO FINANCING ACTIVITIES					
Proceeds from issues of shares [(b)]		**-**	11,030	**-**	11,030
Payments for buyback of shares [(c)]	23	**(89,175)**	(205,578)	**(89,175)**	(205,578)
Dividends paid	7	**(96,302)**	(108,292)	**(96,302)**	(108,292)
Repayment of borrowings		**(39,425)**	(5,529)	**-**	-
Loans received from controlled entities		**-**	-	**182,912**	356,082
Net financing cash flows		**(224,902)**	(308,369)	**(2,565)**	53,242
Net increase/(decrease) in cash and cash equivalents		**138,942**	(1,370,784)	**-**	-
Cash and cash equivalents at beginning of year		**1,235,911**	2,606,695	**50**	50
Cash and cash equivalents at end of year	9	**1,374,853**	1,235,911	**50**	50

The cash flow statements are to be read in conjunction with the notes to the financial statements.

(a) Year ended 28 June 2008 includes acquisition of Unwired Group Limited and Engin Limited (refer note 29).

(b) During the year ended 28 June 2008 1,200,000 options were converted into ordinary shares for proceeds of $11,030,000.

(c) During the year ended 27 June 2009 Seven bought back 15,817,290 ordinary shares (2008: 21,158,424 ordinary shares).

Statements of Changes in Equity

YEAR ENDED 27 JUNE 2009

	Note	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	COMPANY 2009 $'000	COMPANY 2008 $'000
Total equity at beginning of year:					
Equity holders of the Company		**1,970,057**	2,331,211	**2,632,220**	2,831,887
Minority interest		**7,001**	-	**-**	-
		1,977,058	2,331,211	**2,632,220**	2,831,887
Net foreign exchange differences recognised in equity	24	**58**	(41)	**-**	-
Cash flow hedge gains taken to equity	24	**56**	80	**-**	-
Movement in fair value of available for sale investments included in reserves	24	**(50,843)**	(290,034)	**-**	-
Impairment losses on available for sale investments transferred from reserves and included in income statement	36	**219,422**	41,633	**-**	-
Fair value movements transferred to income statement on sale of available for sale investments	24	**16,295**	-	**-**	-
Share of equity accounted investee's reserve movements		**(30,721)**	30,550	**-**	-
Net income tax on items taken directly to or transferred directly from equity		**9,204**	15,944	**-**	-
Net income/(expense) recognised directly in equity		**163,471**	(201,868)	**-**	-
Profit for the year:					
Equity holders of the Company		**12,486**	141,594	**(521,658)**	101,213
Minority interest		**(4,278)**	-	**-**	-
		8,208	141,594	**(521,658)**	101,213
Total recognised income and expense for the year:					
Equity holders of the Company		**175,957**	(60,274)	**(521,658)**	101,213
Minority interest		**(4,278)**	-	**-**	-
		171,679	(60,274)	**(521,658)**	101,213
Dividends paid	7	**(96,302)**	(108,292)	**(96,302)**	(108,292)
Contributions of equity		**-**	11,030	**-**	11,030
Buyback of ordinary shares	23	**(89,175)**	(205,578)	**(89,175)**	(205,578)
Minority interest on acquisition of controlled entity		**-**	7,001	**-**	-
Increase in share option reserve in respect of share based payment expense	24	**521**	1,960	**521**	1,960
Total movement in equity for the year		**(13,277)**	(354,153)	**(706,614)**	(199,667)
Total equity at end of the year		**1,963,781**	1,977,058	**1,925,606**	2,632,220
Attributable to:					
Equity holders of the Company		**1,961,058**	1,970,057	**1,925,606**	2,632,220
Minority interest		**2,723**	7,001	**-**	-
Total equity at end of the year		**1,963,781**	1,977,058	**1,925,606**	2,632,220

The statements of changes in equity are to be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Seven Network Ltd (the "Company") is a company domiciled in Australia. The annual financial report of the Company as at and for the year ended 27 June 2009 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. The annual report was authorised by the Directors on 25 September 2009.

(A) BASIS OF PREPARATION

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB), except as disclosed in note 1(D).

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss and investments in available for sale assets.

These accounting policies have been consistently applied by group entities for all periods presented in these financial statements.

(B) PRINCIPLES OF CONSOLIDATION

Subsidiaries

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs can not be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group, and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Seven Network Limited had control. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Minority interests in equity and the results of the entities that are controlled by the Company are shown as separate items in the consolidated financial statements.

Investments in subsidiaries are carried in the Company's financial statements at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the income statement when they are declared by the controlled entities.

(C) ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

In the consolidated financial statements investments in associates and jointly controlled entities are carried at the lower of the equity accounted amount and recoverable amount. The equity accounted amount includes the fair value of any non-cash consideration. When the Group's share of losses including impairments exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

In the Company's financial statements, investments in jointly controlled entities are carried at cost plus share of subordinated equity note interest and net of impairments.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity, unless it can be clearly demonstrated that this is not the case.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) DECONSOLIDATION OF SEVEN MEDIA GROUP PTY LIMITED AND ITS CONTROLLED ENTITIES ("SMG")

The loss of control of the SMG group on 4 April 2007 resulted in a profit on deconsolidation. As the consolidated entity retained a 47.7% interest in SMG normally a portion of the gain would be credited against the investment in SMG. As 47.7% of the gain was greater than the investment in SMG, IFRS guidance indicates that there is a choice of two accounting treatments to account for this profit:

(1) eliminate share of gain that relates to the consolidated entity's retained interest in SMG; or

(2) eliminate unrealised gain only to extent that it reduces the carrying amount of SMG to nil.

The consolidated entity elected to account for the profit in accordance with alternative (1), which resulted in net deferred income of $665 million.

The Seven Media Group introduced a Management Equity Plan (MEP) in December 2007. The MEP's Category 1 options are regarded as ownership interests in the SMG Group, thereby, diluting the interest held by Seven Network Limited investors. Consequently, Seven's ownership interest reduced from 47.7% to 47.0% in December 2007, which resulted in a release of a portion of the deferred gain. Seven's ownership interest remained at 47.0% at 27 June 2009.

From the date of deconsolidation up to 27 December 2008 the investment in SMG was equity accounted.

At 27 December 2008 an impairment loss was recognised reducing the carrying amount of the investment in SMG to nil (refer note 5). The consolidated entity ceased to equity account its investment in SMG from this date. In accordance with UIG Interpretation 113 Aus7.1 Seven released the gain that was eliminated at the time of the deconsolidation. UIG Interpretation 113 Aus7.1 requires the gain that was eliminated to be recognised as the assets are consumed, in this case impaired, by the joint venture (refer note 5). 113 Aus7.1 is an Australian specific addition to Interpretations issued under IFRS and is compliant with AIFRS but not compliant with IFRS. Under IFRS the deferred income would be released only on disposal or dilution.

(E) INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments and other financial assets are classified as either financial assets at fair value through profit and loss or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

An investment is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Unless designated as at fair value through profit or loss, the Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

(F) USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial report requires that management make estimates, judgements and assumptions that affect the recognised amounts that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 6 – deferred tax.
- Note 14 – investments accounted for using the equity method.
- Note 29 – business acquisitions and disposals.
- Note 36 – impairment of listed equity securities.

(G) REVENUE RECOGNITION

Revenues are recognised at the fair value of the consideration received, net of goods and services tax (GST). Sales revenue comprises revenue earned from the provision of goods and services to entities outside of the consolidated entity.

Sales Revenue for the provision of broadband and telecommunication services is recognised net of returns, trade allowances and duties and taxes paid. Fees for monthly access plans which are charged monthly in advance are allocated to the appropriate calendar month. Any income in advance at the end of an accounting period is not recognised as revenue in the income statement, and is held as deferred revenue in the balance sheet.

Dividends

Dividend revenue is recognised net of any franking credits. Revenue is recognised when the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(H) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(I) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

(J) FOREIGN CURRENCY

Foreign currency transactions are converted to Australian Dollars at the exchange rate ruling at transaction dates.

Monetary assets and liabilities in foreign currencies at the reporting date are retranslated to the functional currency at the rates of exchange ruling on that date. Exchange differences arising on retranslation are brought to account as exchange gains or losses in the income statement in the year in which the exchange rates change, except for:

- The net investment in foreign operations, related hedges, and other foreign operations which are translated at the rates of exchange ruling at balance date with any exchange differences being taken to a foreign currency translation reserve until disposal of the operation.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) TAXATION

Income tax expense is comprised of current and deferred tax expense. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

The Company is the head entity in the tax-consolidated group comprising all the Australian wholly-owned subsidiaries set out in note 28 and Seven Media Group Pty Limited and its subsidiaries. The implementation date for the tax-consolidated group was 29 September 2002.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the group allocation approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable/(receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the temporary difference can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Nature of tax funding and sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments in certain circumstances to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivable/(payable) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) RECEIVABLES

Trade and other receivables, which generally have 30-90 day terms, are measured at amortised cost less any impairment loss.

A provision for impairment is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(M) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and freight and includes the transfer from equity of any gains or losses on qualifying cash flow hedges relating to purchases of direct material. Costs are assigned to individual items of stock on the basis of weighted average costs.

(N) ASSETS CLASSIFIED AS HELD FOR SALE

Assets held for sale are carried at the lower of their carrying amount at the date of classification as assets held for sale and fair value less costs to sell.

(O) PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recorded at cost less accumulated depreciation or amortisation and impairment losses, as outlined below.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Major spares purchased specifically for particular plant and equipment are capitalised and depreciated on the same basis as the plant to which they relate.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "other income" in profit or loss.

All items of property, plant and equipment are reviewed annually to ensure carrying values are not in excess of recoverable amounts.

Depreciation and amortisation

Freehold land is not depreciated. Other property, plant and equipment is depreciated at rates based on their expected lives, using the straight line method. Depreciation rates based on estimated useful lives for the current and prior year are as follows:

- Buildings 2.50%
- Plant and equipment 4-33%

Leased assets acquired under a finance lease are amortised over the life of the relevant lease.

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over five years.

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(P) LEASED ASSETS

Leases of fixed assets, where substantially all the risks and rewards incidental to ownership of the assets are transferred to the consolidated entity, are classified as finance leases.

Finance leases are capitalised at the inception of the lease and recorded as an asset with a corresponding liability equal to the lower of its fair value and the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between a reduction of the lease liability and lease interest.

Operating leases, where the lessor effectively retains all the risks and benefits of ownership of the leased asset, are not capitalised. Payments made under an operating lease are recognised in the income statement on a straight line basis.

(Q) SPECTRUM LICENCES AND SOFTWARE

Spectrum Licences

Spectrum licence assets are measured at cost less impairment charges. The amortisation of the spectrum licence assets is calculated on a straight-line basis over the expected useful life of the asset. In respect of the 3.5 GHz spectrum, this is deemed to be the remaining licence term of 11 years and 7 months commencing June 2004, being the date that the first commercial customers were deployed on the network. Amortisation of the 2.3 GHz spectrum commenced in November 2007. The 2.3 GHz spectrum licence expires in 2015.

Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over a period generally ranging from three to five years.

Development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Amortisation

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite.

(R) GOODWILL

All business combinations are accounted for by applying the purchase method. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. Goodwill represents the difference between the cost of acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised. Any negative goodwill arising on an acquisition is recognised directly in the income statement.

(S) IMPAIRMENT

The carrying amounts of the Group's indefinite life assets, including goodwill and those not yet available for use, are reviewed for impairment annually, and when events or changes in circumstances indicate the carrying amount may not be recoverable. If such an indication exists and the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows (the "cash-generating unit") from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the asset relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed.

Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Any cumulative loss in respect of an available for sale financial asset previously recognised in equity is transferred to profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of these assets is determined using 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.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the carrying amount and the present values of the estimated future cash flows discounted at the original effective interest rate.

When a decline in fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that has been recognised directly in equity is removed from equity and recognised in profit or loss even though the financial asset has not been derecognised. In determining whether there is objective evidence that the asset is impaired, the Group assesses if there has been a "significant or prolonged" decline in the fair value of the equity instrument below its cost. If a decline in fair value is considered significant or prolonged, an impairment loss is recognised.

When there is an increase in the fair value of an available-for-sale asset that was previously impaired, this increase is recognised in equity.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(T) TRADE AND OTHER PAYABLES

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. Accounts payable are normally settled on 30-60 day terms.

(U) INTEREST BEARING LOANS AND LIABILITIES

Interest bearing loans and liabilities are recognised initially at fair value less attributable transaction costs, and any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method. Interest bearing loans and liabilities are subsequently measured at amortised cost. Any related accrued interest is included in trade creditors and accruals.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(V) FINANCE INCOME AND COSTS

Net finance income comprises interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and gains and losses on hedging instruments that are recognised in the income statement.

Interest income and interest expense also include components of finance lease payments and is recognised in the income statement as it accrues, using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(W) EMPLOYEE BENEFITS

Short term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided to reporting date. They are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs.

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows resulting from employees' services provided up to balance date. In determining the liability, consideration is given to future salary rate increases and past experience with staff departures. Related on-costs have also been included.

Superannuation

The consolidated entity contributes to a superannuation fund which provides accumulated contribution plans. Contributions are charged against the income statement in the period to which they relate.

Employee share and option plans

The fair value of shares and options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become entitled to the options.

The fair value of the shares and options granted is measured using a combination of the Binomial model and Monte Carlo simulation model, taking into account the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting or other market conditions.

(X) PROVISIONS

A provision is recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, that can be estimated reliably and it is probable that a future sacrifice of economic benefits will be required to settle the obligation. If the effect is material, a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Make good provisions on property leases

A make good provision is recognised for the costs of restoration or removal in relation to property, plant and equipment where there is a legal or constructive obligation. The provision is initially recorded when a reliable estimate can be determined and is discounted to its present value. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(Y) TELYS3

The Transferable Extendable Listed Yield Shares (TELYS3) have been classified as equity and the dividend payable on the TELYS3 is treated as a distribution of shareholders equity. The income statement does not include the dividends on the TELYS3.

(Z) SEGMENT REPORTING

A segment is a distinguishable component of the consolidated entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(AA) EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting the profit or loss attributable to ordinary equity holders of the parent entity, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

(BB) ACCOUNTING STANDARDS NOT YET EFFECTIVE

The following Australian accounting standards and Urgent Issues Group pronouncements were available for early adoption but have not been adopted by the Group in these financial statements:

AASB 8 *Operating Segments* replaces the presentation requirements of segment reporting in AASB 114 Segment Reporting. AASB 8 is mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the impact of the revised standard on the Group's disclosures.

AASB 2007-3 Amendments to Australia Accounting Standards arising from AASB 8 makes amendments to AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 102 Inventories, AASB 107 Cash Flow Statements, AASB 119 Employee Benefits, AASB 127 Consolidated and Separate Financial Statements, AASB 134 Interim Financial Reporting, AASB 136 Impairment Assets. AASB 2007-3 is applicable for the Group's 30 June 2010 financial statements and must be adopted in conjunction with AASB 8 Operating Segments. The Group has not yet determined the impact of the revised standard on the Group's disclosures.

Revised AASB 101 *Presentation of Financial Statements* (2007) introduces the term total comprehensive income, which represents the changes in equity during a period other than those resulting from changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB101, which becomes mandatory for the Group's 30 June 2010 financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The Group has not yet determined the potential effect the revised standard will have on the Group's financial report.

Revised AASB 3 *Business Combinations* changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the Group's 30 June 2010 financial statements and will be applied prospectively. Therefore, there will be no impact on prior periods in the Group's 30 June 2010 financial statements.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amended AASB 127 *Consolidated and Separate Financial Statements* changes the accounting for investments in subsidiaries. Key changes include: the remeasurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect on the Group's financial report.

AASB 2008-1 *Amendments to Australian Accounting Standard - Share-based Payment: Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to AASB 2 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect on the Group's financial report.

AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (July 2008) will introduce 24 amendments to 15 different standards that may require changes in the presentation, recognition and measurement of various balances. AASB 2008-5 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect on the Group's financial report.

AASB 2008-6 Further *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (July 2008) will introduce terminology and editorial amendments to eight different standards. AASB 2008-6 will become mandatory for the Group's 30 June 2010 financial statements. The Group is not expecting this to have a significant impact on its financial statements.

AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate* (July 2008) will amend AASB 118, AASB 121, AASB 127 and AASB 136, all of which must be adopted at the same time. The amendments in AASB 127 should be applied prospectively to new reorganisations after 1 January 2009. Entities may also elect to apply the amendments in AASB 127.38B and 38C retrospectively to past reorganisations within the scope of these paragraphs. The Group has not yet determined the potential effect of the amending standard on the Group's financial report.

(CC) FINANCIAL YEAR

The 2009 financial year comprises the 52 week period ended 27 June 2009. The 2008 financial year comprised the 52 week period ended 28 June 2008.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

2. SEGMENT REPORTING

PRIMARY REPORTING

BUSINESS SEGMENTS

The consolidated entity comprises the following main business segments, based on the Group's management reporting system:

- Investments: Listed and other investments.
- Broadband and telephony: Provision of wireless broadband and telecommunication services [(a)].

SECONDARY REPORTING

GEOGRAPHICAL SEGMENTS

The consolidated entity's total external sales are predominantly to customers in Australia and total segment assets are held predominantly in Australia.

Primary Reporting	Investments $'000	Broadband & Telephony $'000	**Consolidated $'000**
YEAR ENDED 27 JUNE 2009			
Revenue and other income			
Segment revenue	13,039	54,246	67,285
Dividend revenue	56,914	-	56,914
Revenue	69,953	54,246	124,199
Significant items (refer note 5):			
Recognition of deferred gain arising from investment in equity accounted investee	1,356,906	-	1,356,906
Gain on deconsolidation of controlled entity	6,956	-	6,956
Total revenue and other income	1,433,815	54,246	**1,488,061**
Result			
Segment result	91,946	(33,129)	58,817
Significant items (refer note 5):			
Recognition of deferred gain arising from investment in equity accounted investee	1,356,906	-	1,356,906
Gain on deconsolidation of controlled entity	6,956	-	6,956
Loss on sale of listed equity securities	(22,100)	-	(22,100)
Impairment of listed equity securities	(160,756)	-	(160,756)
Impairment of investments in equity accounted investees	(1,106,702)	-	(1,106,702)
Impairment of spectrum licences	-	(35,200)	(35,200)
Impairment of goodwill and other non-current assets	-	(5,321)	(5,321)
Profit/(loss) before net finance income and tax	166,250	(73,650)	92,600
Net finance income			75,492
Profit before tax			168,092
Income tax expense			(159,884)
Profit after tax			**8,208**
Segment assets	1,840,382	134,910	1,975,292
Investments accounted for using the equity method	285,983	-	285,983
Consolidated total assets	2,126,365	134,910	**2,261,275**
Segment liabilities	97,461	11,927	109,388
Unallocated corporate liabilities			188,106
Consolidated total liabilities			**297,494**
Other segment information			
Capital expenditure	124	1,591	1,715
Depreciation and amortisation [(b)]	439	33,163	33,602

(a) Unwired and Engin provide the broadband and telephony segment services.

(b) Other than depreciation and amortisation and impairments disclosed in note 3, remaining non-cash expenses are not material.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

2. SEGMENT REPORTING

Primary Reporting	Investments $'000	Broadband & Telephony [a] $'000	Consolidated $'000
YEAR ENDED 28 JUNE 2008			
Revenue and other income			
Segment revenue	5,998	27,323	33,321
Dividend revenue	56,978	-	56,978
Revenue	62,976	27,323	90,299
Significant items (refer note 5):			
Gain on sale of investments	5,402	-	5,402
Gain from change in ownership interest of equity accounted investee	19,200	-	19,200
Total revenue and other income	87,578	27,323	**114,901**
Result			
Segment result	97,149	(17,913)	79,236
Significant items (refer note 5):			
Gain on sale of investments	5,402	-	5,402
Gain from change in ownership interest of equity accounted investee	19,200	-	19,200
Impairment of listed equity securities	(47,348)	-	(47,348)
Impairment of investments in equity accounted investees	(18,300)	-	(18,300)
Profit/(loss) before net finance income and tax	56,103	(17,913)	38,190
Net finance income			129,322
Profit before tax			167,512
Income tax expense			(25,918)
Profit after tax			**141,594**
Segment assets	2,532,744	211,983	2,744,727
Investments accounted for using the equity method	10,125	-	10,125
Consolidated total assets	2,542,869	211,983	**2,754,852**
Segment liabilities	615,107	69,960	685,067
Unallocated corporate liabilities			92,727
Consolidated total liabilities			**777,794**
Other segment information			
Capital expenditure	23	4,419	4,442
Depreciation and amortisation [b]	431	18,249	18,680

(a) Unwired and Engin, which were acquired during 2008, provide the broadband and telephony segment services.

(b) Other than depreciation and amortisation and impairments disclosed in note 3, remaining non-cash expenses are not material.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

3. REVENUE AND EXPENSES

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
REVENUE				
Sales revenue	**67,285**	33,321	**-**	-
Dividends	**56,914**	56,978	**-**	-
Total revenue	**124,199**	90,299	**-**	-
OTHER INCOME				
Significant items (refer note 5):				
Recognition of deferred gain arising from investment in equity accounted investee	**1,356,906**	19,200	**-**	-
Gain on deconsolidation of controlled entity	**6,956**	-	**13,000**	-
Gain on sale of other investments	**-**	5,402	**-**	-
Gain on sale of assets held for sale	**-**	-	**-**	3,740
Total other income	**1,363,862**	24,602	**13,000**	3,740
EXPENSES				
Excluding significant items:				
Broadband and telephony segment expenses	**87,375**	45,236	**-**	-
Other expenses excluding significant items	**20,540**	16,526	**521**	-
Total expenses excluding significant items	**107,915**	61,762	**521**	-
Significant items (refer note 5):				
Loss on sale of listed equity securities	**22,100**	-	**-**	-
Impairment of listed equity securities	**160,756**	47,348	**-**	-
Impairment of investment in jointly controlled entity	**-**	-	**843,609**	-
Impairment of spectrum licences	**35,200**	-	**-**	-
Impairment of goodwill and other non-current assets	**5,321**	-	**-**	-
Total expenses	**331,292**	109,110	**844,130**	-
Included within the above expenses are the following items:				
Depreciation and amortisation:				
Property, plant and equipment	**12,807**	5,923	**-**	-
Spectrum licences and software	**20,795**	12,757	**-**	-
	33,602	18,680	**-**	-
Net expense from movements in provision for:				
Employee benefits	**524**	45	**-**	-
Other	**115**	170	**-**	-
	639	215	**-**	-
Net bad and doubtful debts expense including movements in provision for doubtful debts	**475**	290	**-**	-
Employee benefits expense	**21,387**	8,231	**-**	-
Operating lease rental expense	**3,985**	2,061	**-**	-

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

4. NET FINANCE INCOME

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
FINANCE INCOME				
Interest income on bank deposits	**78,410**	130,970	**-**	-
Interest income on subordinated equity notes	**-**	-	**38,526**	76,699
Total finance income	**78,410**	130,970	**38,526**	76,699
FINANCE COSTS				
Interest expense	**(2,918)**	(1,648)	**-**	(129)
Total finance costs	**(2,918)**	(1,648)	**-**	(129)
Net finance income	**75,492**	129,322	**38,526**	76,570

5. SIGNIFICANT ITEMS

Recognition of deferred gain arising from investment in equity accounted investee [(a)]	**1,356,906**	19,200	**-**	-
Gain on deconsolidation of controlled entity [(b)]	**6,956**	-	**13,000**	-
(Loss)/gain on sale of listed equity securities	**(22,100)**	5,402	**-**	-
Impairment of listed equity securities [(c)]	**(160,756)**	(47,348)	**-**	-
Impairment of investment in SMG (equity accounted investee) [(a)]	**(793,882)**	-	**-**	-
Impairment of investment in other equity accounted investee [(d)]	**(312,820)**	(18,300)	**-**	-
Impairment of jointly controlled entity	**-**	-	**(843,609)**	-
Impairment of spectrum licences [(e)]	**(35,200)**	-	**-**	-
Impairment of goodwill and other non-current assets	**(5,321)**	-	**-**	-
Gain on sale of assets held for sale	**-**	-	**-**	3,740
Total significant items	**33,783**	(41,046)	**(830,609)**	3,740

(a) Current year

Seven's investment in Seven Media Group (SMG) was considered impaired at 27 December 2008 following SMG's assessment of the recoverable amount of its assets at that date. The impairment largely reflects the continuing deterioration of the advertising market. An impairment of $793.9 million was recognised to reduce the carrying amount of this investment to nil. This carrying amount was previously shown net of the gain that was deferred on the deconsolidation of SMG from the Seven Group and included in deferred income. In accordance with UIG Interpretation 113 Aus7.1 Seven released the gain that was eliminated at the time of the deconsolidation. UIG Interpretation 113 Aus7.1 requires the gain that was eliminated to be recognised as the assets are consumed, in this case impaired, by the joint venture.

Previous year

Seven Media Group (SMG) introduced a Management Equity Plan (MEP) in December 2007 which resulted in the dilution of Seven's ownership interest in SMG from 47.7% to 47.0%. The remeasurement of the previously deferred gain on deconsolidation of SMG resulted in the release of $19.2 million ($13.4 million net of tax) of the gain to the income statement.

(b) On 11 September 2008 Seven's interest in Flagship Property Holdings Pty Limited reduced from 100% to 46.8% resulting in a profit on deconsolidation of $13.1 million, 46.8% (Seven's retained ownership interest in Flagship Property Holdings Pty Limited) of which has been deferred (refer note 22).

(c) During the year ended 27 June 2009 there were significant decreases in the share prices of certain listed securities held by the Group. In relation to "available for sale" investments AASB 139 quotes a "significant or prolonged decline in the fair value of an investment in an equity instrument below its cost" as objective evidence of impairment. Accordingly Seven has recognised an impairment in respect of these investments.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

5. SIGNIFICANT ITEMS (CONTINUED)

(d) Current year

Seven's investment in West Australian Newspapers Holdings Limited (WAN) was considered impaired at 27 December 2008. From the date Seven achieved significant influence over WAN on 25 September 2008 (refer note 14) up until 27 December 2008 there was a significant decline in market values of media companies. This, combined with the continuing deterioration in the advertising market, led Seven to reassess the recoverable amount of its investment in WAN. The resulting impairment charge reflected the listed share price at 27 December 2008. Given the requirements of AASB 136 the listed share price was seen as the best estimate of the recoverable amount at that time.

Previous year

Relates to impairment of Seven's investment in Engin Limited prior to Seven gaining control of Engin.

(e) Current market conditions indicate a decline in the market value for spectrum licences. Seven's licences have been impaired to reflect this decline.

6. INCOME TAX

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
INCOME TAX EXPENSE/(BENEFIT)				
Current tax (benefit)/expense:				
Current period	**(3,354)**	24,743	**(9,104)**	2,977
Adjustment for prior periods	**(2,559)**	6,290	**1,123**	1,447
	(5,913)	31,033	**(7,981)**	4,424
Deferred tax expense/(credit) due to origination and reversal of temporary differences	**165,797**	(5,115)	**(262,965)**	(25,327)
Total income tax expense/(benefit) in income statement	**159,884**	25,918	**(270,946)**	(20,903)
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX ACCOUNTING PROFITS:				
Income tax using the domestic corporation tax rate 30% (2008: 30%)	**50,428**	50,254	**(237,781)**	24,093
Capital items	**161,043**	18,074	**(4,050)**	(12,162)
Remeasurement of deferred tax relating to investment in SMG	**(30,721)**	(17,747)	**(34,529)**	(17,319)
Franked dividends	**(16,437)**	(16,514)	**-**	-
Share of associates' net profit	**(4,086)**	1,143	**-**	-
Other non-taxable/non-deductible items	**10,743**	1,015	**12,818**	(365)
Recovery of income tax benefit under a tax sharing agreement	**(8,527)**	(16,597)	**(8,527)**	(16,597)
(Over)/under provided in prior periods	**(2,559)**	6,290	**1,123**	1,447
Income tax expense/(benefit) on operating profit	**159,884**	25,918	**(270,946)**	(20,903)
DEFERRED INCOME TAX RECOGNISED DIRECTLY IN EQUITY				
Relating to available for sale financial asset	**39**	25,109	**-**	-
Relating to investment in SMG	**9,165**	(9,165)	**-**	-
	9,204	15,944	**-**	-

6. INCOME TAX (CONTINUED)

	CONSOLIDATED			COMPANY		
	Balance $'000	Recognised in income $'000	Recognised in equity $'000	Balance $'000	Recognised in income $'000	Recognised in equity $'000
DEFERRED TAX BALANCE						
Year Ended 27 June 2009						
Investments	(231,121)	52,442	39	(227,900)	297,349	-
Property, plant & equipment	-	4,417	-	-	-	-
Creditors	-	(4,886)	-	-	-	-
Provisions	-	(645)	-	-	-	-
Deferred income	1,851	(215,887)	9,165	-	-	-
Other	(7,735)	(1,238)	-	-	(34,384)	-
Net tax (liability)/asset	(237,005)	(165,797)	9,204	(227,900)	262,965	-
Deferred tax liabilities	**(237,005)**			**(227,900)**		

As at 27 June 2009, the Group has not recognised deferred tax assets of $254,749,000 (2008: $49,411,000) in respect of deductible temporary differences because it is not probable that future taxable profit will be available against which it can utilise the benefits therefrom. The Company has not recognised deferred tax assets of $26,827,000 (2008: nil). The deductible temporary differences do not expire under current tax legislation.

DEFERRED TAX BALANCE						
Year Ended 28 June 2008						
Investments	(283,602)	47,075	25,109	(525,249)	17,319	-
Property, plant & equipment	(4,417)	(4,417)	-	-	-	-
Provisions	645	(14,851)	-	-	-	-
Creditors	4,886	(31,267)	-	-	-	-
Deferred income	208,573	11,606	(9,165)	-	-	-
Other	(6,261)	(3,031)	-	34,384	8,008	-
Net tax (liability)/asset	(80,176)	5,115	15,944	(490,865)	25,327	-
Deferred tax liabilities	**(80,176)**			**(490,865)**		

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

7. DIVIDENDS

	Amount per share	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	COMPANY 2009 $'000	COMPANY 2008 $'000
DIVIDENDS PAID					
Ordinary shares					
Final dividend in respect of 2007 year franked at 30% paid 26 October 2007	17.0 cents	-	38,630	-	38,630
Interim dividend in respect of 2008 year franked at 30% paid 9 April 2008	17.0 cents	-	36,842	-	36,842
Final dividend in respect of 2008 year franked at 30% paid 24 October 2008	17.0 cents	**34,510**	-	**34,510**	-
Interim dividend in respect of 2009 year franked at 30% paid 15 April 2009	17.0 cents	**32,344**	-	**32,344**	-
		66,854	75,472	**66,854**	75,472
Transferable Extendable Listed Yield Shares ("TELYS3")					
Dividend franked at 30% paid 30 November 2007	$3.14	-	15,609	-	15,609
Dividend franked at 30% paid 23 May 2008	$3.47	-	17,211	-	17,211
Dividend franked at 30% paid 1 December 2008	$3.66	**18,152**	-	**18,152**	-
Dividend franked at 30% paid 1 June 2009	$2.28	**11,296**	-	**11,296**	-
		29,448	32,820	**29,448**	32,820
Dividends paid or payable		**96,302**	108,292	**96,302**	108,292
SUBSEQUENT EVENT					
Current period final dividend on ordinary shares proposed but not provided					
Final dividend in respect of 2009 year franked at 30% to be paid 23 October 2009	17.0 cents	**32,344**		**32,344**	

The final dividend for ordinary shares is an estimate only, based on the number of securities as at the date of this report.

Balance of franking account at 30%	**27,284**	29,118	**27,284**	29,118
This is after adjusting for:				
(a) franking credits that will arise from the payment of income tax payable for the current financial year;				
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;				
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and				
(d) franking credits that the entity may be prevented from distributing in subsequent years.				

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

8. EARNINGS PER SHARE

	CONSOLIDATED	
	2009	2008
	$'000	$'000
EARNINGS RECONCILIATION		
Net profit attributable to equity holders of the Company	**12,486**	141,594
Allocated earnings to category of share:		
- Ordinary shares	**(15,689)**	108,575
- TELYS3	**28,175**	33,019
	12,486	141,594
Weighted average number of shares		
Number for basic earnings per share:		
- Ordinary shares	**195,684,152**	222,140,102
- TELYS3	**4,963,640**	4,963,640
Effect of share options on issue:		
- Ordinary shares	**-**	3,759
Number for diluted earnings per share:		
- Ordinary shares	**195,684,152**	222,143,861
- TELYS3	**4,963,640**	4,963,640
Earnings per share		
Ordinary shares - total earnings per share from continuing operations:		
- Basic ($)	**(0.08)**	0.49
- Diluted ($)	**(0.08)**	0.49
TELYS3 earnings per share:		
- Basic ($)	**5.68**	6.65
- Diluted ($)	**5.68**	6.65

The options included in note 23 are anti-dilutive and have not been included in the diluted earnings per share calculation.

9. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Bank balances	**14,853**	385,911	**50**	50
Call deposits	**1,360,000**	850,000	**-**	-
Cash and cash equivalents in the Statements of Cash Flows	**1,374,853**	1,235,911	**50**	50

The Group's and the Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 36.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

10. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
CURRENT				
Trade receivables	**3,459**	1,394	**-**	-
Provision for impairment loss	**(337)**	(264)	**-**	-
	3,122	1,130	**-**	-
Interest receivable	**6,697**	13,745	**-**	-
Other receivables	**6,570**	5,451	**-**	-
Receivables due from jointly controlled entity	**-**	1,299	**-**	-
	16,389	21,625	**-**	-
NON-CURRENT				
Receivables due from wholly owned controlled entities	**-**	-	**2,154,108**	2,322,599
Receivables due from associates	**2,000**	2,000	**-**	-
Other receivables	**8,802**	14,800	**-**	-
	10,802	16,800	**2,154,108**	2,322,599

The Group's and the Company's exposure to credit and currency risk and impairment losses related to trade and other receivables is disclosed in note 36.

11. INVENTORIES

CURRENT				
Finished goods	**387**	1,154	**-**	-
	387	1,154	**-**	-

During the year ended 27 June 2009 changes in finished goods recognised in 'broadband and telephony segment expenses' (note 3) amounted to $14,276,833 (2008: $6,299,627). This included a write-down of inventories to net realisable value amounting to $720,376 (2008: $96,819) and a reversal of write-downs amounting to nil (2008: $115,771).

12. ASSETS CLASSIFIED AS HELD FOR SALE

Other	**23,251**	25,566	**-**	-
	23,251	25,566	**-**	-

Assets held for sale in the prior year relate to the Perth Entertainment Centre and property in Melbourne. During the year the property in Melbourne was transferred to Flagship Property Holdings Pty Limited which was subsequently deconsolidated from the Group (refer note 29).

13. OTHER CURRENT ASSETS

Prepayments	**1,500**	1,918	**-**	-
	1,500	1,918	**-**	-

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Investments in equity accounted investees and jointly controlled entities	**285,983**	10,125	**-**	-

Investee	Principal activities	Country of Incorporation	Balance date	OWNERSHIP INTEREST **2009**	OWNERSHIP INTEREST 2008
EQUITY ACCOUNTED INVESTEES					
Adelaide Broadcast Property Pty Limited	Property management	Australia	30-Jun	**40.0%**	40.0%
Adelaide Broadcast Property Trust	Property management	Australia	30-Jun	**40.0%**	40.0%
Flagship Property Holdings Pty Limited [(a)]	Property management	Australia	31-Dec	**46.8%**	-
Mo's Mobiles Pty Limited	Mobile phone retailer	Australia	30-Jun	**25.0%**	25.0%
P2 Pty Limited	Dormant	Australia	30-Jun	**50.0%**	50.0%
P4 Pty Limited	Dormant	Australia	30-Jun	**50.0%**	50.0%
Premier Capital Developments Pty Limited	Property management	Australia	30-Jun	**25.0%**	25.0%
Revy Investments Pty Limited	Property management	Australia	30-Jun	**25.0%**	25.0%
Revy Investments Trust	Property management	Australia	30-Jun	**25.0%**	25.0%
Sydney Broadcast Property Pty Limited	Property management	Australia	30-Jun	**40.0%**	40.0%
Sydney Broadcast Property Trust	Property management	Australia	30-Jun	**40.0%**	40.0%
Vuecast Operations Pty Limited	Programme production	Australia	30-Jun	**50.0%**	50.0%
West Australian Newspapers Holdings Limited [(b)]	Media	Australia	30-Jun	**23.2%**	-
JOINTLY CONTROLLED ENTITIES					
Seven Media Group Pty Limited [(c)]	Media	Australia	30-Jun	**47.0%**	47.0%
ATP Partnership Pty Limited [(d)]	Property management	Australia	30-Jun	**-**	50.0%

(a) Prior to deconsolidation, Flagship Property Holdings Pty Limited (a wholly controlled entity of Seven Network Limited at the time) and its controlled entities acquired properties from other Seven group entities at current market values. During September 2008 parties external to the Group invested in Flagship which diluted Seven's holding to 46.8%. This resulted in the loss of control and the deconsolidation of the Flagship group of entities. Seven has accounted for Flagship as an associate from that date. Flagship's year end reporting date, 31 December, is in line with that of other investors in the company.

(b) At 28 June 2008 Seven had a 20.1% ownership interest in West Australian Newspapers Holdings Limited ("WAN"). Seven did not consider that it had significant influence over WAN and therefore had not accounted for it as an associate. At this date Seven had no representation on the Board of Directors and had no power to influence the financial and operating policy decisions of WAN. On 25 September 2008 Mr Kerry Stokes AC and Mr Peter Gammell were appointed to the WAN Board of Directors. With Board representation it is considered that Seven has significant influence. Seven has accounted for WAN as an investment in an equity accounted investee from 25 September 2008.
During the current year Seven increased its holding in WAN to 23.2% through the purchase of 4,566,767 additional shares and participation in WAN's 'Dividend Re-investment Plan' whereby it received 2,733,761 WAN shares in lieu of a cash dividend of $10,708,415.
The fair value of the Group's investment in WAN at 27 June 2009 was $213,928,000.

(c) The Company holds Ordinary Shares, Subordinated Equity Notes (SENs) and Convertible Notes (CNs) in the Seven Media Group joint venture. The joint venture is subject to various shareholder agreements and certain bank debt covenants which restrict the distribution of excess cash and dividends.
An impairment was recognised at 27 December 2008 to reduce the carrying amount of the investment in Seven Media Group to nil (refer note 5). Seven ceased to equity account this investment from this date. The unrecognised share of Seven Media Group's loss for the period was $31,871,000.

(d) The interest in ATP Partnership Pty Limited was transferred to Flagship Property Holdings Pty Limited prior to the deconsolidation of Flagship Property Holdings Pty Limited from Seven Network Limited on 11 September 2008.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	ASSOCIATED AND JOINTLY CONTROLLED ENTITIES	
	2009	2008
	$'000	$'000
SHARE OF INVESTEES' NET PROFIT		
Share of operating profit before tax and impairment	**36,002**	45,842
Share of income tax benefit	**6,531**	4,857
Share of net profit of equity accounted investees before impairment	**42,533**	50,699
Impairment of investment in equity accounted investees:		
Seven Media Group Pty Limited	**(793,882)**	-
West Australian Newspapers Holdings Limited	**(312,820)**	-
Engin Limited	**-**	(18,300)
Impairment of investment in equity accounted investees	**(1,106,702)**	(18,300)
Share of results and impairment from equity accounted investees	**(1,064,169)**	32,399
INVESTEES' FINANCIAL INFORMATION (100%)		
Revenues	**1,851,199**	1,551,963
Expenses [(a)]	**(3,901,904)**	(1,606,351)
Loss before tax	**(2,050,705)**	(54,388)
Current assets	**603,641**	624,371
Non-current assets	**3,294,397**	4,553,960
Total assets	**3,898,038**	5,178,331
Current liabilities	**624,514**	531,192
Non-current liabilities	**4,738,855**	4,368,448
Total liabilities	**5,363,369**	4,899,640
Net (liabilities)/assets as reported by investees	**(1,465,331)**	278,691

Appropriate adjustments have been made to the reported information in calculating the investor's share of profit.

SHARE OF INVESTEES' NET ASSETS		
Equity accounted	**285,983**	10,125
SHARE OF INVESTEES' COMMITMENTS		
Share of capital commitments	**17,939**	66
Share of expenditure commitments	**645,191**	707,641

In the financial statements of the Company, investments in equity accounted investees are accounted for at cost and included in other investments (refer note 15).

(a) Included in expenses are impairment losses recognised by Seven Media Group in December 2008.

15. OTHER INVESTMENTS

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
NON-CURRENT				
Listed equity securities at fair value through profit and loss	**5,718**	7,150	**-**	-
Listed equity securities available-for-sale	**411,578**	1,228,886	**-**	-
Unlisted equity securities	**-**	171	**-**	-
Investments in controlled entities (unlisted) at cost	**-**	-	**3,000**	3,000
Investments in jointly controlled entities at cost	**-**	-	**-**	805,259
	417,296	1,236,207	**3,000**	808,259

Listed equity securities are designated as at fair value through profit or loss or as available-for-sale financial assets as outlined above, in accordance with the Group's accounting policies. The recoverable amounts are determined based on their listed market value.

At 28 June 2008 Seven had a 20.1% ownership interest in West Australian Newspapers Holdings Limited ("WAN"). Seven did not consider that it had significant influence over WAN and therefore had not accounted for it as an associate. At this date Seven had no representation on the Board of Directors and had no power to influence the financial and operating policy decisions of WAN. From 25 September 2008 the consolidated entity has equity accounted its investment in West Australian Newspapers Holdings Limited (refer note 14).

Unlisted equity securities are designated as at fair value through profit or loss. The recoverable amounts are determined using discounted cash flow projections based on financial budgets and forecasts.

Investments in jointly controlled entities consist of Ordinary Shares, Subordinated Equity Notes (SENs) and Convertible Notes (CNs) all of which are considered long term ownership interests in the jointly controlled entities for accounting and disclosure purposes. The Group's investment in Seven Media Group (SMG) was considered impaired at 27 December 2008 following SMG's assessment of the recoverable amount of its assets at that date. The impairment largely reflected the continuing deterioration of the advertising market. An impairment of $793.9 million was recognised to reduce the carrying amount of this investment to nil.

The Company's investment in SMG was also considered impaired at 27 December 2008 and an amount of $843.6 million was recognised to reduce the carrying amount of this investment to nil (refer note 5).

The Group's exposure to credit, currency and interest rate risk and equity price risk related to other investments is disclosed in note 36.

16. PROPERTY, PLANT AND EQUIPMENT

Freehold land and buildings at cost	**13,002**	15,326	**-**	-
Accumulated depreciation	**(3,584)**	(3,223)	**-**	-
	9,418	12,103	**-**	-
Leasehold improvements at cost	**247**	227	**-**	-
Accumulated amortisation	**(236)**	(91)	**-**	-
	11	136	**-**	-
Plant and equipment at cost	**37,791**	39,228	**-**	-
Accumulated depreciation	**(16,146)**	(5,768)	**-**	-
	21,645	33,460	**-**	-
Leased plant and equipment at cost	**1,823**	2,309	**-**	-
Accumulated depreciation	**(1,435)**	(182)	**-**	-
	388	2,127	**-**	-
Total property, plant and equipment at cost	**52,863**	57,090	**-**	-
Accumulated depreciation and amortisation	**(21,401)**	(9,264)	**-**	-
	31,462	47,826	**-**	-

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
RECONCILIATIONS				
Reconciliations of the carrying amounts for each class of property, plant and equipment:				
Freehold land and buildings				
Freehold land and buildings at cost	**15,326**	15,326	**-**	-
Accumulated depreciation	**(3,223)**	(2,863)	**-**	-
Carrying amount at beginning of year	**12,103**	12,463	**-**	-
Deconsolidation of controlled entity [(a)]	**(2,324)**	-	**-**	-
Depreciation	**(361)**	(360)	**-**	-
Carrying amount at end of year	**9,418**	12,103	**-**	-
Leasehold improvements				
Leasehold improvements at cost	**227**	-	**-**	-
Accumulated amortisation	**(91)**	-	**-**	-
Carrying amount at beginning of year	**136**	-	**-**	-
Additions	**20**	-	**-**	-
Addition through acquisition of controlled entities [(b)]	**-**	227	**-**	-
Amortisation	**(145)**	(91)	**-**	-
Carrying amount at end of year	**11**	136	**-**	-
Plant and equipment				
Plant and equipment at cost	**39,228**	578	**-**	-
Accumulated depreciation	**(5,768)**	(478)	**-**	-
Carrying amount at beginning of year	**33,460**	100	**-**	-
Additions	**1,047**	2,876	**-**	-
Addition through acquisition of controlled entities [(b)]	**-**	35,774	**-**	-
Impairment loss [(c)]	**(2,300)**	-	**-**	-
Transfers	**98**	-	**-**	-
Depreciation	**(10,660)**	(5,290)	**-**	-
Carrying amount at end of year	**21,645**	33,460	**-**	-
Leased plant and equipment				
Leased plant and equipment at cost	**2,309**	-	**-**	-
Accumulated depreciation	**(182)**	-	**-**	-
Carrying amount at beginning of year	**2,127**	-	**-**	-
Addition through acquisition of controlled entities [(b)]	**-**	2,309	**-**	-
Transfers	**(98)**	-	**-**	-
Depreciation	**(1,641)**	(182)	**-**	-
Carrying amount at end of year	**388**	2,127	**-**	-

(a) The deconsolidation of controlled entity relates to property transferred to Flagship Property Holdings Pty Limited (refer note 29).

(b) The additions through acquisitions of controlled entities for year ended 28 June 2008 relate to the acquisition of Unwired and Engin (refer note 29).

(c) The impairment loss relates to plant and equipment held by Engin Limited (refer note 5).

17. SPECTRUM LICENCES AND SOFTWARE

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Spectrum licences	**163,551**	163,551	**-**	-
Accumulated amortisation and impairment	**(66,229)**	(11,978)	**-**	-
	97,322	151,573	**-**	-
Software at cost	**4,553**	3,905	**-**	-
Accumulated amortisation	**(2,523)**	(779)	**-**	-
	2,030	3,126	**-**	-
Total licences and software	**99,352**	154,699	**-**	-

MOVEMENT IN LICENCES AND SOFTWARE

2009	**Spectrum licences $'000**	**Software $'000**	**Total $'000**
Cost	163,551	3,905	**167,456**
Accumulated amortisation	(11,978)	(779)	**(12,757)**
Carrying amount at beginning of year	151,573	3,126	**154,699**
Additions	-	648	**648**
Impairment loss	(35,200)	-	**(35,200)**
Amortisation	(19,051)	(1,744)	**(20,795)**
Carrying amount at end of year	97,322	2,030	**99,352**

2008	**Spectrum licences $'000**	**Software $'000**	**Total $'000**
Carrying amount at beginning of year	-	-	-
Addition through acquisition of controlled entity [(a)]	163,551	2,339	165,890
Additions	-	1,566	1,566
Amortisation	(11,978)	(779)	(12,757)
Carrying amount at end of year	151,573	3,126	154,699

(a) The addition through acquisition of controlled entity relates to the acquisition of Unwired during the year ended 28 June 2008 (refer note 29).

The recoverable amount of the spectrum licences has been assessed under the fair value less costs to sell model (AASB 136). Determination of the fair value was largely based on comparable market transactions. Other factors considered in the assessment of the recoverable amount included market size and share, pricing, competition and future technological developments. Current market conditions indicate a decline in the market value for spectrum licences. Seven's licences have been impaired to reflect this decline (refer note 5).

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

18. GOODWILL

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Balance at beginning of year	**3,021**	-	**-**	-
Acquisition of controlled entity	**-**	3,021	**-**	-
Impairment loss	**(3,021)**	-	**-**	-
Balance at end of year	**-**	3,021	**-**	-

The goodwill relates to the acquisition of Engin on 3 April 2008 (refer note 29).

The recoverable amounts of the cash generating unit that includes goodwill are determined using discounted cash flow projections based on financial budgets and forecasts approved by management, over their useful life using forecast growth rates. Forecast growth rates are based on past performance and management's expectations for future performance in each segment. Discount rates used are the weighted average cost of capital (after tax) for the Group, risk adjusted as applicable.

An impairment loss of $3,021,000 was recognised in expenses during the year in respect of goodwill.

19. TRADE AND OTHER PAYABLES

CURRENT				
Trade payables and accruals	**38,038**	58,801	**3,652**	4,298
	38,038	58,801	**3,652**	4,298
NON-CURRENT				
Accruals	**5,625**	5,625	**-**	-
	5,625	5,625	**-**	-

The Company has entered into a Deed of Cross Guarantee with certain subsidiaries as described in note 28. Under the terms of the Deed, the Company has guaranteed the repayment of all current and future creditors in the event that any of the entities party to the Deed are wound up. Details of the consolidated financial position of the Company and subsidiaries party to the Deed are set out in note 28.

The Group's and the Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 36.

20. INTEREST BEARING LOANS AND LIABILITIES

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
CURRENT				
Interest bearing liability [(a)]	**-**	55,500	**-**	-
Finance lease liabilities (refer note 27)	**986**	1,226	**-**	-
Other borrowings	**316**	1,700	**-**	-
	1,302	58,426	**-**	-
NON-CURRENT				
Finance lease liabilities (refer note 27)	**1,479**	393	**-**	-
Other borrowings	**3,820**	5,707	**-**	-
	5,299	6,100	**-**	-

(a) 82,222,222 convertible notes were issued by Unwired to Intel Corporation maturing on 30 August 2009 and 11,111,111 notes were issued to Mitsui & Co Ltd maturing on 18 May 2012. Interest was payable at a fixed rate of 4.25% p.a. to Intel and at an interest rate of 5.0% to Mitsui.

The notes to Mitsui & Co Ltd were repaid during the year ended 28 June 2008.

As a result of Seven taking control of Unwired on 15 November 2007, Intel issued a demand notice stating that the face value of the convertible notes ($37 million) and a premium of 50% of the face value were due and payable at 28 June 2008. Subsequent to the receipt of the demand notice, the Intel convertible notes were treated as an interest bearing liability at 28 June 2008 (refer note 36). During the current year the premium was transferred from interest bearing loans and liabilities to trade and other payables. The convertible notes and the premium were paid during the year ended 27 June 2009.

The Group's exposure to interest rate, foreign currency and liquidity risk related to interest bearing loans and liabilities is disclosed in note 36.

21. PROVISIONS

CURRENT				
Employee benefits (refer note 30)	**887**	983	**-**	-
Other	**59**	122	**-**	-
	946	1,105	**-**	-
NON-CURRENT				
Employee benefits (refer note 30)	**345**	234	**-**	-
Other	**1,613**	1,435	**-**	-
	1,958	1,669	**-**	-

	Employee	**Make Good**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
RECONCILIATION OF PROVISIONS:				
Balance at beginning of year	1,217	236	1,321	**2,774**
Amounts provided for	524	178	(63)	**639**
Amounts used	(509)	-	-	**(509)**
Balance at end of year	1,232	414	1,258	**2,904**

Employee benefits include provisions for annual and long service leave benefits.

Other provisions as at 27 June 2009 are primarily amounts that have been provided in relation to Directors retirement benefits.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

22. DEFERRED INCOME

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
NON-CURRENT				
Deferred income	**7,321**	562,367	-	-
	7,321	562,367	-	-
MOVEMENT IN DEFERRED INCOME:				
Balance at beginning of year	**562,367**	665,872	-	-
Share of SMG's profit and reserves movement	**1,809**	(84,305)	-	-
Dilution adjustment (refer note 5)	-	(19,200)	-	-
Deferred gain on deconsolidation of Flagship Property Holdings Pty Limited [(a)]	**6,169**	-	-	-
Impairment of investment and recognition of deferred gain on deconsolidation of SMG [(b)]	**(563,024)**	-	-	-
Balance at end of year	**7,321**	562,367	-	-

(a) On 11 September 2008 Seven's interest in Flagship Property Holdings Pty Limited reduced from 100% to 46.8% resulting in a profit on deconsolidation of $13.1 million, 46.8% (Seven's retained ownership interest in Flagship Property Holdings Pty Limited) of which has been deferred (refer note 29).

(b) Seven's investment in Seven Media Group (SMG) was considered impaired at 27 December 2008 following management's assessment of the recoverable amount at that date. The impairment largely reflects the continuing deterioration of the advertising market. An impairment of $793.8 million has been recognised to reduce the carrying amount of this investment to nil.
The carrying amount of the investment was previously shown net of the gain that was deferred on the deconsolidation of SMG from the Seven Group and included in deferred income. In accordance with UIG Interpretation 113 Aus7.1 Seven has released this gain that was eliminated at the time of the deconsolidation. UIG Interpretation 113 Aus7.1 requires the gain that was eliminated to be recognised as the assets are consumed, in this case impaired, by the joint venture.

23. ISSUED CAPITAL

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
SHARE CAPITAL				
190,260,281 (2008: 206,077,571) ordinary shares, fully paid	**70,786**	159,961	**70,786**	159,961
4,963,640 (2008: 4,963,640) preference shares, fully paid	**481,048**	481,048	**481,048**	481,048
Balance at end of year	**551,834**	641,009	**551,834**	641,009
MOVEMENTS IN ORDINARY SHARES				
Balance at beginning of year	**159,961**	354,509	**159,961**	354,509
Buyback: 15,817,290 shares (2008: 21,158,424 shares)	**(89,175)**	(205,578)	**(89,175)**	(205,578)
Exercise of options: nil shares (2008: 1,200,000 shares) (refer note 30)	**-**	11,030	**-**	11,030
Balance at end of year	**70,786**	159,961	**70,786**	159,961

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and preference shareholders and are fully entitled to any proceeds on liquidation.

MOVEMENTS IN PREFERENCE SHARES				
(Transferable Extendable Listed Yield Shares – TELYS3)				
Balance at beginning of year	**481,048**	481,048	**481,048**	481,048
Balance at end of year	**481,048**	481,048	**481,048**	481,048

TELYS3 were issued on 31 May 2005 as part of the Reinvestment Opportunity and 1 June 2005 under the TELYS3 Offer Prospectus at a cost of $100 each. An additional 49,910 TELYS3 were issued during 2006 as part of an investment opportunity at a price of $100 each. Holders are entitled to a preferential non-cumulative floating rate dividend, which is based on Bank Bill Swap Rate for 180 days plus Margin. The Margin is set at 2.5% until 31 May 2010, and then 4.75% after that date subject to the Company's right of Conversion and Exchange. There are no voting rights attached except in limited circumstances, in which case holders will have one vote per TELYS3 held.

	CONSOLIDATED	
	2009	2008
OPTIONS ON ORDINARY SHARES		
As at reporting date the number of options exercisable into ordinary shares was as follows:		
Options to Executives (refer note 30)	**1,275,000**	2,025,000
Options to Directors not included above (refer note 32)	**-**	2,500,000
	1,275,000	4,525,000

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

24. RESERVES

	CONSOLIDATED					COMPANY
	Employee equity benefits reserve $'000	Cash flow hedge reserve $'000	Net unrealised gains reserve $'000	Foreign currency translation reserve $'000	**Total $'000**	Employee equity benefits reserve $'000
At 30 June 2007	9,171	-	59,263	1,795	**70,229**	9,171
Net loss on available-for-sale financial assets	-	-	(290,034)	-	**(290,034)**	-
Tax effect of net loss on available-for-sale financial assets	-	-	25,109	-	**25,109**	-
Share of jointly controlled entity reserves movements (net of tax effect)	7,660	42	13,713	(30)	**21,385**	-
Impairment write downs transferred to profit & loss	-	-	41,633	-	**41,633**	-
Net gain on cash flow hedges	-	80	-	-	**80**	-
Currency translation differences	-	-	-	(41)	**(41)**	-
Share based payment expense	1,960	-	-	-	**1,960**	1,960
At 28 June 2008	18,791	122	(150,316)	1,724	**(129,679)**	11,131
Net loss on available-for-sale financial assets	-	-	(50,843)	-	**(50,843)**	-
Tax effect of net loss on available-for-sale financial assets	-	-	39	-	**39**	-
Share of jointly controlled entity reserves movements (net of tax effect)	561	(88)	(21,970)	(8)	**(21,505)**	-
Impairment write downs transferred to profit & loss [(a)]	-	-	219,422	-	**219,422**	-
Fair value movements transferred to income statement on sale of available for sale investments	-	-	16,295	-	**16,295**	-
Other transfers (to)/from retained earnings	(8,221)	(90)	8,257	38	**(16)**	-
Net gain on cash flow hedges	-	56	-	-	**56**	-
Currency translation differences	-	-	-	58	**58**	-
Share based payment expense	521	-	-	-	**521**	521
At 27 June 2009	11,652	-	20,884	1,812	**34,348**	11,652

(a) The Group determined that there was objective evidence of a significant and prolonged decline in the fair value of certain available for sale investments in equity instruments below their cost. As the adjustment to fair value was initially recorded in reserves, the difference between cost and fair value of $219.4 million (2008: $41.6 million) has been transferred out of reserves and included in the profit and loss as a significant item.

NATURE AND PURPOSE OF RESERVES

Employee equity benefits reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to note 30 for further details of these plans.

Cash flow hedge reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

24. RESERVES (CONTINUED)

Net unrealised gains reserve

The net unrealised gains reserve records adjustments to the fair value of available-for-sale financial assets.

Foreign currency translation reserve

This reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, the translation of transactions that hedge the consolidated entity's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation (refer note 1(J)).

25. RETAINED EARNINGS

		CONSOLIDATED		COMPANY	
		2009	2008	**2009**	2008
	Note	**$'000**	$'000	**$'000**	$'000
Retained earnings at beginning of year		**1,458,727**	1,425,425	**1,980,080**	1,987,159
Net profit/(loss) attributable to members of the Company		**12,486**	141,594	**(521,658)**	101,213
Dividends paid	7	**(96,302)**	(108,292)	**(96,302)**	(108,292)
Transfers from reserves		**(35)**	-	**-**	-
Retained earnings at end of year		**1,374,876**	1,458,727	**1,362,120**	1,980,080

26. CONTINGENCIES

The nature of the consolidated entity's and equity accounted investees' activities are such that, from time to time, claims are received or made by the consolidated entity. The Directors are of the opinion that no claim requires disclosure of a contingent liability.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

27. COMMITMENTS

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Capital expenditure commitments				
Payable:				
Not later than one year	**31**	6,241	**-**	-
Finance lease commitments				
Payable:				
Not later than one year	**1,386**	1,315	**-**	-
Later than one year but not later than five years	**1,353**	430	**-**	-
Later than five years	**2,432**	-	**-**	-
Minimum lease payments [(a)]	**5,171**	1,745	**-**	-
Less future finance charges	**(2,706)**	(126)	**-**	-
	2,465	1,619	**-**	-
Operating lease commitments [(b)]				
Payable:				
Not later than one year	**3,846**	3,479	**-**	-
Later than one year but not later than five years	**5,058**	5,920	**-**	-
Later than five years	**528**	1,019	**-**	-
	9,432	10,418	**-**	-
Contracts for employee services				
Payable:				
Not later than one year	**-**	887	**-**	-
Other operating commitments [(c)]				
Payable:				
Not later than one year	**2,402**	2,732	**-**	-
Later than one year but not later than five years	**650**	1,810	**-**	-
	3,052	4,542	**-**	-

(a) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual value.

(b) The Group leases various offices and sites under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

(c) Other operating commitments relate to commitments for operating expenses and acquisitions of inventory contracted for at the reporting date but not recognised as liabilities.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

28. CONTROLLED ENTITIES

	Notes	Country of incorporation	OWNERSHIP INTEREST 2009 %	2008 %
PARENT ENTITY				
Seven Network Limited		Australia		
SUBSIDIARIES				
ATPH Pty Limited		Australia	**100**	100
ATP1 Pty Limited		Australia	**100**	100
ATP2 Pty Limited		Australia	**100**	100
ATP3 Pty Limited		Australia	**100**	100
C7 Pty Limited	(a)	Australia	**100**	100
Direct Target Access Pty Limited	(a) (b)	Australia	**100**	100
Engin Limited	(c)	Australia	**58.1**	58.4
Flagship Property Holdings Pty Limited	(e)	Australia	**-**	100
Flagship (La Trobe) Pty Limited	(e)	Australia	**-**	100
Flagship (AEC) Pty Limited	(e)	Australia	**-**	100
Flagship (Coventry Street) Pty Limited	(e)	Australia	**-**	100
Flagship (Apartments) Pty Limited	(e)	Australia	**-**	100
Network Investment Holdings Pty Limited	(a)	Australia	**100**	100
Kimlin Holdings Pty Limited	(a)	Australia	**100**	100
Manooka Holdings Pty Limited	(a)	Australia	**100**	100
Miltonstar Pty Limited	(a) (b)	Australia	**100**	100
Point Pty Limited	(a)	Australia	**100**	100
Realtime Reporters Pty Limited	(a)	Australia	**100**	100
Seven Broadcast Properties Trust		Australia	**100**	100
Seven Custodians Pty Limited	(a) (b)	Australia	**100**	100
Seven Entertainment Pty Limited	(a)	Australia	**100**	100
Seven Finance Pty Limited	(a)	Australia	**100**	100
Seven Finance Agent Pty Limited	(e) (f)	Australia	**-**	100
Seven MC Pty Limited	(d)	Australia	**90**	90
Seven Network Asia Limited		Hong Kong	**100**	100
Seven Network International Limited	(a) (b)	Australia	**100**	100
Seven Network Investments Pty Limited	(a) (b)	Australia	**100**	100
Seven Network Nominees Pty Limited	(a)	Australia	**100**	100
Seven Network (United States), Inc		USA	**100**	100
Seven Productions Pty Limited	(a) (b)	Australia	**100**	100
Seven Resources Pty Limited	(a)	Australia	**100**	100
Seven (WAN) Pty Limited	(a)	Australia	**100**	100
SNZ Pty Limited	(a)	Australia	**100**	100
Tallglen Pty Limited	(a) (b)	Australia	**100**	100
Unwired Group Limited	(g)	Australia	**100**	100

(a) These controlled entities entered into a Deed of Cross Guarantee with the Company on 18 May 2007 under ASIC Class Order 98/1418 (as amended) dated 13 August 1998.

(b) These entities ceased to be party to a previous Deed of Cross Guarantee with the Company on 6 July 2007, by Deed of Revocation lodged.

(c) On 3 April 2008 Seven gained control of Engin Limited (Engin). Prior to this date Engin was an equity accounted investee.

(d) This company was placed in liquidation on 28 May 2008.

(e) These entities were deconsolidated from the Group during the year ended 27 June 2009 (refer note 29).

(f) This company was transferred to Flagship Property Holdings Pty Limited prior to the deconsolidation of Flagship from the Group (refer note 29).

(g) On 15 November 2007 Seven gained control of Unwired Group Limited and consolidated its results from this date.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

28. CONTROLLED ENTITIES (CONTINUED)

Pursuant to ASIC Class Order 98/1418 certain wholly-owned controlled entities are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' reports.

It is a condition of the Class Order that the Company and each of the wholly owned controlled entities enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the parties to the Deed under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Corporations Act 2001, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

A consolidated income statement and consolidated balance sheet, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 27 June 2009 are set out below.

	2009	2008
	$'000	$'000
INCOME STATEMENT		
Profit before tax	**240,931**	185,013
Income tax expense	**(181,366)**	(27,118)
Profit after tax	**59,565**	157,895
Retained profits at beginning of year	**1,465,625**	1,416,022
Transfers to and from reserves	**(380)**	-
Dividends recognised during the year	**(96,302)**	(108,292)
Retained profits at end of year	**1,428,508**	1,465,625
BALANCE SHEET		
Current assets		
Cash and cash equivalents	**1,367,204**	1,221,206
Trade and other receivables	**13,097**	19,622
Assets classified as held for sale	**23,251**	23,251
Total current assets	**1,403,552**	1,264,079
Non-current assets		
Receivables	**70,813**	24,726
Investments accounted for using the equity method	**285,983**	10,125
Other investments	**567,254**	1,385,243
Property, plant and equipment	**7,536**	9,915
Total non-current assets	**931,586**	1,430,009
Total assets	**2,335,138**	2,694,088
Current liabilities		
Trade and other payables	**26,883**	43,983
Current tax liabilities	**13,554**	7,795
Provisions	**49**	40
Total current liabilities	**40,486**	51,818

28. CONTROLLED ENTITIES (CONTINUED)

	2009 $'000	2008 $'000
BALANCE SHEET (CONTINUED)		
Non-current liabilities		
Trade and other payables	**47,936**	48,004
Deferred tax liabilities	**247,472**	77,737
Provisions	**1,233**	1,229
Deferred income	**7,321**	562,367
Total non-current liabilities	**303,962**	689,337
Total liabilities	**344,448**	741,155
Net assets	**1,990,690**	1,952,933
Equity		
Issued capital	**551,834**	641,009
Reserves	**10,348**	(153,701)
Retained earnings	**1,428,508**	1,465,625
Total equity	**1,990,690**	1,952,933

Comparatives are based on the Deed of Cross Guarantee applicable as at 28 June 2008.

29. ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES

ACQUISITIONS

2009

There were no acquisitions of controlled entities during the year ended 27 June 2009.

2008

On 15 November 2007 Seven gained control of Unwired Group Limited (Unwired). Seven has a 100% ownership interest in Unwired. The total consideration for Unwired was $136.1 million. Unwired's contribution to Seven's consolidated profit for the period from the date 15 November 2007 to 28 June 2008 was a loss of $15.6 million.

On 3 April 2008 Seven gained control of Engin Limited (Engin) and increased its ownership interest to 58.36%. Seven previously held a 34.27% ownership interest in Engin and accounted for it as an equity accounted investee. The total consideration for Engin was $9.8 million. Engin's contribution to Seven's consolidated profit for the period from 3 April 2008 to 28 June 2008 was a loss of $1.8 million. Seven's current ownership interest in Engin is 58.1%.

100% of the following controlled entities were acquired for consideration equal to the fair value of the assets acquired:
ATPH Pty Limited (15 November 2007) ($12), ATP1 Pty Limited (15 November 2007) ($12), ATP2 Pty Limited (15 November 2007) ($12), ATP3 Pty Limited (15 November 2007) ($12), Flagship Property Holdings Pty Limited (5 March 2008) ($2), Flagship (La Trobe) Pty Limited (24 April 2008) ($2), Flagship (AEC) Pty Limited (24 April 2008) ($2), Flagship (Coventry Street) Pty Limited (24 April 2008) ($2) and Flagship (Apartments) Pty Limited (23 May 2008) ($2).

If the acquisitions had occurred on 1 July 2007, management estimates that consolidated revenue (excluding interest) would have been $146.2 million and consolidated profit before tax would have been $178.8 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisitions occurred on 1 July 2007.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

29. ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES (CONTINUED)

DISPOSALS

2009

Deconsolidation of Flagship

On 11 September 2008 parties external to the Group invested in Flagship Property Holdings Pty Limited, a wholly owned entity of Seven at the time. This diluted Seven's holding to 46.8% and resulted in the loss of control and the deconsolidation of Flagship and its controlled entities from the Group (refer note 28). Prior to deconsolidation, certain Group entity property assets were transferred at book value to Flagship Property Holdings Pty Limited. There was a profit on deconsolidation of $13.1 million of which $7.0 million has been recognised in the income statement (refer note 5). 46.8% (Seven's retained interest) of the total profit on deconsolidation has been deferred. Seven has accounted for Flagship as an equity accounted investee from this date. At 27 June 2009 Seven had a 46.8% ownership interest in Flagship.

2008

In December 2007 Seven Media Group (SMG) introduced a Management Equity Plan (MEP) which resulted in the dilution of Seven's ownership interest in SMG from 47.7% to 47.0%. The re-measurement of the previously deferred gain on deconsolidation of SMG resulted in the release of $19.2 million ($13.4 million net of tax) of the gain to the income statement.

Details of the acquisitions and disposals are as follows:

	ACQUISITION/ CONSOLIDATION		DISPOSAL/ DECONSOLIDATION	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Cash paid for acquisitions	-	141,116	-	-
Total consideration	-	141,116	-	-
Investments held prior to consolidation/following deconsolidation[c]	-	4,804	**31,000**	-
Total	-	145,920	**31,000**	-
Net assets of entities acquired/disposed				
Cash and cash equivalents	-	16,751	-	-
Current trade and other receivables	-	2,764	-	-
Inventories	-	1,236	-	-
Spectrum licences and software [a]	-	165,890	-	-
Goodwill on acquisition	-	3,021	-	-
Other current assets	-	4,142	-	-
Property, plant and equipment	-	38,310	**(2,324)**	-
Assets held for sale	-	-	**(2,315)**	-
Investments	-	-	**(12,500)**	-
Payables	-	(12,916)	-	-
Borrowings [b]	-	(65,371)	-	-
Provisions	-	(906)	-	-
Tax balances	-	-	**(236)**	-
	-	152,921	**(17,375)**	-
Minority interests at acquisition	-	(7,001)	-	-
Transaction costs	-	-	**(500)**	-
Net assets acquired/(liabilities) disposed	-	145,920	**(17,875)**	-
Profit on deconsolidation	-	-	**13,125**	-
Deferred profit on deconsolidation	-	-	**(6,169)**	-
Profit on deconsolidation recognised in the income statement	-	-	**6,956**	-
Cash inflow on disposal/outflow on acquisition				
Cash paid	-	(141,116)	-	-
Cash acquired on acquisition	-	16,751	-	-
Net cash outflow	-	(124,365)	-	-

29. ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES (CONTINUED)

(a) The spectrum licences were issued by the Government with a 15 years life ending August 2015. The amortisation of the licences is calculated on a straight line basis over the expected useful life of the asset. A fair value uplift of $52.7 million was made to the carrying value of the licences at acquisition.

(b) Includes convertible notes consisting of 82,222,222 notes issued to Intel Corporation maturing on 30 August 2009 and 11,111,111 notes issued to Mitsui & Co Ltd maturing on 18 May 2012. Interest was payable at a fixed rate of 4.25% p.a. to Intel and at an interest rate of 5.0% to Mitsui. The notes to Mitsui were repaid during the year ended 28 June 2008.

As a result of Seven taking control of Unwired on 15 November 2007, Intel issued a demand notice stating that the face value of the convertible notes ($37 million) and a premium of 50% of the face value were due and payable at 28 June 2008. Subsequent to the receipt of the demand notice, the Intel convertible notes were treated as an interest bearing liability at 28 June 2008 (refer note 36). The convertible notes and the premium were paid during the current year.

(c) The total investment in Flagship Property Holdings Pty Limited at 27 June 2009 was $42.1 million. An additional cash investment of $11.1 million was made after deconsolidation. This has been included in 'payments for investments' in the cash flow statement.

30. EMPLOYEE BENEFITS

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current	**887**	983	**-**	-
Non-current	**345**	234	**-**	-
	1,232	1,217	**-**	-
Number of employees				
Number of employees at end of year	**176**	224	**-**	-

Superannuation fund

The Group makes contributions to a defined contribution superannuation fund. The amount recognised as an expense was $1,711,000 for the financial year ended 27 June 2009 (2008: $703,000).

Options issued to employees over ordinary shares in Seven Network Limited pursuant to Individual Option Deeds

No options over unissued ordinary shares of Seven Network Limited were issued during the year ended 27 June 2009 (2008: nil).

On 2 November 2006, 2,000,000 options over unissued ordinary shares of Seven Network Limited were issued to BI McWilliam at an exercise price ranging from $10.00 - $12.00, expiring 30 June 2011. At grant date, the market price of the shares was $9.96 and the options were provided at nil cost to the recipient. On 21 September 2007 1,000,000 options were exercised. As at 28 June 2008 there were 1,000,000 options on issue, all of which were cancelled on 20 February 2009.

On 17 November 2005, 3,000,000 options over unissued ordinary shares of Seven Network Limited were issued to DJ Leckie at an exercise price ranging from $8.50 - $11.00, expiring 17 November 2010. At grant date, the market price of the shares was $8.21 and the options were provided at nil cost to the recipient. As at 28 June 2008 there were 1,500,000 options on issue, all of which were cancelled on 20 February 2009.

On 2 October 2006, 750,000 options over unissued ordinary shares of Seven Network Limited were issued to PJ Lewis at an exercise price ranging from $10.00 - $12.00, expiring 30 June 2011. At grant date, the market price of the shares was $8.81 and the options were provided at nil cost to the recipient. As at 28 June 2008 there were 750,000 options on issue, all of which were cancelled on 20 February 2009.

Prior to being cancelled options could be exercised at any time after the option had vested and up to five years after the date of issue. All options issued since December 1999 contained specific exercise requirements based around the Seven Network share price and/or other financial targets.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

30. EMPLOYEE BENEFITS (CONTINUED)

On 10 February 2006, 1,000,000 options over unissued ordinary shares of Seven Network Limited were issued to a Seven Executive at an exercise price ranging from $9.00 - $11.00, expiring 30 June 2012. At grant date, the market price of the shares was $8.06 and the options were provided at nil costs to the recipient. As at 27 June 2009 there were 1,000,000 options on issue.

These options vest as follows:
On 30 June 2008, 50%;
On 30 June 2009, 25%;
On 30 June 2010, the remaining 25% of the options will vest.

On 1 January 2006, 100,000 options over unissued ordinary shares of Seven Network Limited were issued to a Seven Executive at an exercise price of $9.00, expiring 1 January 2011. At grant date, the market price of the shares was $8.32 and the options were provided at nil cost to the recipient. As at 27 June 2009 there were 100,000 options on issue, all of which have vested.

On 1 June 2005, 300,000 options over unissued ordinary shares of Seven Network Limited were issued to a Seven Executive at an exercise price ranging from $5.50 - $7.00, expiring 1 June 2015. At grant date, the market price of the shares was $7.18 and the options were provided at nil cost to the recipient. During the year no options were exercised. As at 27 June 2009 there were 25,000 options on issue, all of which have vested.

On 28 October 2005, 200,000 options over unissued ordinary shares of Seven Network Limited were issued to a Seven Executive at an exercise price of $7.11, expiring 21 March 2010. At grant date, the market price of the shares was $8.15 and the options were provided at nil cost to the recipient. During the year no options were exercised. As at 27 June 2009 there were 150,000 options on issue, all of which have vested.

Further information regarding options issued to Directors during the year is detailed in note 32 (Directors' and Executives' Disclosures).

Seven Network Employee Share Plan

The Company established the Seven Network Employee Share Plan, a share purchase scheme for employees (refer note a). All Australian resident full-time, permanent, part-time and fixed-term employees who have completed a minimum of 6 months' service and who participated in the plan in 2007 are eligible to participate in the plan.

The plan provided for participating employees, on a voluntary basis, to salary sacrifice contributions to be allocated fully paid ordinary shares in the Company. The cost of shares to participating employees is effectively the prevailing share price at the time of allocation. Shares allocated to employees under the plan will normally be acquired on market. Employees can elect to participate in the plan under either the Tax-Exempt Offer or the Tax-Deferred Offer (but not both offers in the same year).

The Tax-Exempt Offer allows each eligible employee to make a $1,000 contribution per financial year, which is deducted from the employee's pre-tax salary. Under the Tax-Deferred Offer, each employee who chooses to participate in the offer contributes a minimum of $2,500 per financial year from pre-tax salary.

The Company provided existing participants of the Seven Employee Share Plan with the opportunity to salary sacrifice contributions to be allocated fully paid ordinary shares in the Company up to 28 February 2009. Subsequent to the federal government budget being presented in May 2009 the Seven Employee Share Plan was suspended until legislation relating to the tax treatment of employee share plans is finalised. It is anticipated that the Employee Share Plan will be offered again at this time.

(a) Refers to employees of Seven Media Group. Seven Media Group was a controlled entity of Seven Network Limited up until 4 April 2007 (BSA Amendment date) at which time it was deconsolidated.

31. AUDITORS' REMUNERATION

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Amounts received or due and receivable by auditors of the Company for:				
Audit services				
Auditors of the Company				
KPMG Australia				
- Audit and review of financial reports	**315**	75	**-**	-
Overseas KPMG firms				
- Audit and review of financial report	**-**	18	**-**	-
Other auditors				
- Audit and review of financial reports	**-**	296	**-**	-
- Other audit related services	**-**	18	**-**	-
	315	407	**-**	-
Other services				
Auditors of the Company				
KPMG Australia				
- Other assurance services	**16**	111	**-**	-
Overseas KPMG firms				
- Other assurance services	**-**	15	**-**	-
Other auditors				
- Other assurance services	**-**	20	**-**	-
- Taxation services	**-**	119	**-**	-
	16	265	**-**	-

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

32. DIRECTOR AND EXECUTIVE DISCLOSURES

Individual Directors' and Executives' remuneration disclosures

Information regarding individual Directors' and Executives' remuneration and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors' report.

No Director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Directors' interests at year end.

Key Management Personnel remuneration

The Key Management Personnel remuneration included in 'expenses' (note 3) is as follows:

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Short-term employee benefits	**1,688**	1,647	**-**	-
Post-employment benefits	**45**	50	**-**	-
Share-based payments	**412**	1,345	**-**	-
	2,145	3,042	**-**	-

Following the internal restructure of the Group in 2007, the majority of the Senior Executives of the Company became employees and Senior Executives of the jointly controlled entity Seven Media Group. The management of the Group and Company now only comprise those Seven Media Group Executives for whom a portion of their management time is charged back to the Group for management services provided.

Options and rights over equity instruments granted as compensation

Movements in the holdings of options by Specified Directors and Key Management Personnel during the year held directly, indirectly, beneficially and including their personally-related entities for the year ended 27 June 2009 were as follows:

2009

Grant Date	Vesting Date	Expiry Date	Exercise Price	Fair Value of Option	Held at 28-Jun 2008	Granted as compen-sation	Exercised	Cancelled	Held at 27-Jun 2009	Vested during the period	Vested and exercisable at 27 June 2009
Specified Directors											
Executive											
DJ Leckie [(a)]											
17 Nov 2005	2-Apr-08	17-Nov-10	$9.75	$0.92	1,000,000	-	-	(1,000,000)	-	-	-
17 Nov 2005	2-Apr-09	17-Nov-10	$11.00	$0.81	500,000	-	-	(500,000)	-	-	-
					1,500,000	**-**	**-**	**(1,500,000)**	**-**	**-**	**-**
BI McWilliam [(a)]											
2 Nov 2006	30-Jun-07	30-Jun-11	$10.00	$1.83	-	-	-	-	-	-	-
2 Nov 2006	30-Jun-08	30-Jun-11	$11.00	$1.56	500,000	-	-	(500,000)	-	-	-
2 Nov 2006	30-Jun-09	30-Jun-11	$12.00	$1.32	500,000	-	-	(500,000)	-	-	-
					1,000,000	**-**	**-**	**(1,000,000)**	**-**	**-**	**-**
Key Management Personnel											
P Lewis [(b)]											
2 Oct 2006	30-Jun-07	30-Jun-11	$10.00	$1.16	250,000	-	-	(250,000)	-	-	-
2 Oct 2006	30-Jun-08	30-Jun-11	$11.00	$0.97	250,000	-	-	(250,000)	-	-	-
2 Oct 2006	30-Jun-09	30-Jun-11	$12.00	$0.81	250,000	-	-	(250,000)	-	-	-
					750,000	**-**	**-**	**(750,000)**	**-**	**-**	**-**

32. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

Options and rights over equity instruments granted as compensation

Movements in the holdings of options by Specified Directors and Key Management Personnel during the year held directly, indirectly, beneficially and including their personally-related entities for the year ended 28 June 2008 were as follows:

2008

Grant Date	Vesting Date	Expiry Date	Exercise Price	Fair Value of Option	Held at 30-Jun 2007	Granted as compen-sation	Exercised	Expired	Held at 28-Jun 2008	Vested during the period	Vested and exercisable at 28 June 2008
Specified Directors											
Executive											
DJ Leckie [(a)]											
17 Nov 2005	2-Apr-08	17-Nov-10	$9.75	$0.92	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000
17 Nov 2005	2-Apr-09	17-Nov-10	$11.00	$0.81	500,000	-	-	-	500,000	-	-
					1,500,000	**-**	**-**	**-**	**1,500,000**	**1,000,000**	**1,000,000**
BI McWilliam [(a)]											
2 Nov 2006	30-Jun-07	30-Jun-11	$10.00	$1.83	1,000,000	-	(1,000,000)	-	-	-	-
2 Nov 2006	30-Jun-08	30-Jun-11	$11.00	$1.56	500,000	-	-	-	500,000	-	-
2 Nov 2006	30-Jun-09	30-Jun-11	$12.00	$1.32	500,000	-	-	-	500,000	-	-
					2,000,000	**-**	**(1,000,000)**	**-**	**1,000,000**	**-**	**-**
Key Management Personnel											
P Lewis [(b)]											
2 Oct 2006	30-Jun-07	30-Jun-11	$10.00	$1.16	250,000	-	-	-	250,000	-	250,000
2 Oct 2006	30-Jun-08	30-Jun-11	$11.00	$0.97	250,000	-	-	-	250,000	-	-
2 Oct 2006	30-Jun-09	30-Jun-11	$12.00	$0.81	250,000	-	-	-	250,000	-	-
					750,000	**-**	**-**	**-**	**750,000**	**-**	**250,000**

(a) Performance conditions DJ Leckie & BI McWilliam

The tranches granted to Mr Leckie on 17 November 2005 and BI McWilliam on 2 November 2006 could only be exercised:

- on or after the First Exercise Date for that tranche, if the Company's TSR growth was greater than or equal to the growth in the S&P/ASX 200 Accumulation Index measured from the Director's date of appointment to the relevant First Exercise Date; or
- if the Company's TSR growth was greater than or equal to the growth in the S&P/ASX 200 Accumulation Index for the period up to the relevant First Exercise Date, the options could be exercised up to the Last Exercise Date if the growth in the Company's TSR measured from the First Exercise Date up to the date of calculation exceeded the growth in the S&P/ASX 200 Accumulation Index for that period for 60 consecutive days during the period between the relevant First Exercise Date and the Last Exercise Date.

(b) Performance conditions P Lewis

All options were subject to the TSR hurdle and vest in three annual tranches in June 2007, 2008 and 2009. The options could be exercised if the Company's TSR growth was greater than or equal to the growth in the S&P/ASX Accumulation Index measured over the period up to the vesting date.

Specified Directors

The Non-Executive Directors and the Chairman did not hold any options during the year (2008: nil).

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

32. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

Shareholdings and transactions

Holdings of ordinary shares and TELYS3 by Specified Directors and Key Management Personnel as at 27 June 2009 held directly, indirectly, beneficially and including their personally-related entities were as follows:

2009	ORDINARY SHARES	TELYS3
Key Management Personnel - Directors		
KM Stokes AC	92,814,349	-
PD Ritchie AO	46,072	-
DJ Leckie	66,908	-
BI McWilliam	177,057	273
RK Stokes	23,000	-
MC Wells	4,000	710
Key Management Personnel - Executives		
P Lewis	17,179	-

During the year ended 27 June 2009, BI McWilliam sold 3,108,004 ordinary shares, purchased 128,046 ordinary shares on the market and sold 15,790 TELYS3 shares. DJ Leckie sold 2,990,000 ordinary shares.

2008	ORDINARY SHARES	TELYS3
Key Management Personnel - Directors		
KM Stokes AC	92,814,349	-
PD Ritchie AO	46,072	-
DJ Leckie	3,056,908	-
BI McWilliam	3,157,015	16,063
RK Stokes	23,000	-
MC Wells	4,000	710
Key Management Personnel - Executives		
P Lewis	17,179	-

During the year ended 28 June 2008, 1,000,000 ordinary shares were issued to BI McWilliam upon exercise of options; 16,063 TELYS3 shares were purchased by BI McWilliam and 510 TELYS3 shares were purchased by MC Wells; KM Stokes purchased 250,000 ordinary shares and BI McWilliam purchased 15,500 ordinary shares on the market.

Other transactions

A number of Specified Directors and Key Management Personnel, or their personally-related entities, hold positions in other entities that can result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

During the year, the Group transacted with entities of which the Directors of the Company, KM Stokes, P Gammell and RK Stokes, are or were Directors or Officers or otherwise had an interest. These transactions were for recharged expenses and rental of office space (2008 only) amounting to $270,376 (2008: $521,117); equipment hire expense amounting to $14,291 (2008: nil); site inspection and other related expenses amounting to nil (2008: $114,937); travel and consultant's fee expense amounting to $372,969 (with the aggregate amount payable outstanding at the end of the year $10,000) (2008: $405,833) and expenses related to use of corporate jet amounting to $246,091 (2008: $97,036). In addition, during the year, the consolidated entity reimbursed Director's travel and incidental expenditures incurred by Directors and personally-related entities on behalf of the entity.

32. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

The aggregate value of these transactions is as follows:

	CONSOLIDATED	
	2009	2008
	$	$
Revenues and expenses		
Revenues	**270,376**	521,117
Expenses	**633,351**	617,806
Assets and liabilities		
Trade and other receivables	**-**	80,111
Trade and other payables	**(10,000)**	-

33. OTHER RELATED PARTY DISCLOSURE

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Associates				
The aggregate value of transactions between the consolidated entity and its associates during the year was as follows:				
Dividends received and capital return of investment [(a)]	**11,058**	280	**-**	-
Interest received	**199**	609	**-**	-
Loans to associates	**-**	2,000	**-**	-
Joint ventures				
The aggregate value of transactions between the consolidated entity and joint ventures in which it is a venturer during the year was as follows:				
Interest received	**60**	69	**38,349**	76,699
Executive salary recharge paid	**(1,045)**	(981)	**-**	-
Revenue	**1,260**	585	**-**	-
Expenses	**(395)**	(543)	**-**	-
Loan repayments paid	**-**	(4,492)	**-**	-
Loans to joint ventures	**-**	1,299	**-**	-

(a) The WAN dividend which was reinvested is included in this amount (refer note 14).

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

34. NOTES TO THE STATEMENTS OF CASH FLOWS

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Reconciliation of operating profit after tax to net cash provided by operating activities				
Profit after tax	**8,208**	141,594	**(521,658)**	101,213
Depreciation and amortisation:				
Property, plant and equipment	**12,807**	5,923	**-**	-
Spectrum licences and software	**20,795**	12,757	**-**	-
Share option expense	**521**	1,960	**521**	1,960
Amounts set aside to provisions	**639**	215	**-**	-
Loss/(gain) on sale of investments in listed securities	**22,100**	(5,402)	**-**	-
Gain on sale of assets held for sale	**-**	-	**-**	(5,700)
Gain on deconsolidation of controlled entity	**(6,956)**	-	**(13,000)**	-
Gain from change in ownership interest of associate	**-**	(19,200)	**-**	-
Recognition of deferred gain on deconsolidation of SMG	**(1,356,906)**	-	**-**	-
Impairment of investment in SMG	**793,882**	-	**843,608**	-
Impairment of and fair value movements in investments	**473,576**	65,648	**-**	-
Impairment of licences, goodwill and other non-current assets	**40,521**	-	**-**	-
Share of net profit of associates	**(42,533)**	(50,699)	**-**	-
Dividends received from associates	**350**	200	**-**	-
Interest income	**-**	-	**(38,349)**	(76,699)
Movement in:				
Trade debtors	**(2,463)**	51	**-**	-
Other debtors	**13,855**	13,928	**-**	-
Inventories	**767**	82	**-**	-
Other assets	**418**	2,803	**-**	-
Trade creditors	**(24,505)**	(11,075)	**-**	-
Provisions	**(509)**	(50,376)	**-**	-
Tax balances	**162,272**	(27,195)	**(268,557)**	(74,016)
Net cash provided by operating activities	**116,839**	81,214	**2,565**	(53,242)

35. FINANCING ARRANGEMENTS

At 27 June 2009, the total available financing arrangements included: a secured loan facility of $5,400,000 and finance lease facilities of $443,474.

At 28 June 2008, the total available financing arrangements included: a secured interest bearing liability of $55,500,000, a secured loan facility of $5,400,000 and finance lease facilities of $1,619,000.

36. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

Overview

The Group and Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The following presents information, both qualitative and quantitative, about the Group's and Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board has established a sound system of risk oversight and management and internal control which includes the establishment of the Risk and Compliance Committee. The committee has been constituted with the function of assisting the Board to ensure that its corporate governance and oversight responsibilities are fulfilled in relation to risk management and compliance with applicable laws and regulations.

Risk management policies are established to demonstrate that the Group and Company understands and manages risk and seeks to ensure that there is consistency to the methods used in assessing, monitoring and communicating risks and that risk management efforts are aligned with the group's strategic and business objectives.

The Audit Committee reviews, evaluates and makes recommendations to the Board in relation to:

- assessing the risk management, compliance and control environment as it relates to the external and internal audit plans;
- overseeing financial reporting; and
- evaluating internal and external audit.

The Audit and Risk and Compliance Committees are assisted in their oversight role by the Internal Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables, cash and cash equivalents and investment securities. For the Company, it arises from receivables due from subsidiaries.

The Group and the Company only trade with recognised, credit-worthy parties and receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group has established a credit policy under which new customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, such as Veda Advantage. Purchase limits are established for each customer and these limits are reviewed annually or upon request. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group upon lodging of a Bank Guarantee as a security document or on a strictly pre-paid (cleared funds) only basis.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available for sale investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these instruments. The Group mitigates this risk by only dealing with counterparties that meet a defined credit criteria and also by managing specific credit limits on all counterparties.

The Group and the Company are not aware of any material credit concerns with respect to the portfolio of investments.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

36. FINANCIAL INSTRUMENTS (CONTINUED)

A subsidiary of Seven Network Limited, Unwired Group Limited, has pledged a total of $131,432,000 (2008: $151,429,000) of assets of which $5,999,000 (2008: $7,588,000) are financial assets against total outstanding third party interest bearing liabilities of $2,022,000 at 27 June 2009 (2008: $63,424,000). In the event of a default, any cash recovered from the sale of these will be distributed amongst the lenders based on their interests in the company and rights under the pledge.

The Group's maximum exposure to credit risk at the reporting date was:

		CONSOLIDATED		COMPANY	
		CARRYING AMOUNT		**CARRYING AMOUNT**	
		2009	2008	**2009**	2008
	Note	**$'000**	$'000	**$'000**	$'000
Available for sale financial assets	15	**411,578**	1,228,886	**-**	-
Financial assets designated at fair value through profit or loss	15	**5,718**	7,150	**-**	-
Trade and other receivables	10	**27,191**	38,425	**2,154,108**	2,322,599
Cash & cash equivalents	9	**1,374,853**	1,235,911	**50**	50
		1,819,340	2,510,372	**2,154,158**	2,322,649

Impairment losses

None of the Company's receivables are past due (2008: nil). The aging of the Group's trade receivables at the reporting date was:

	2009		2008	
	Gross	**Impairment**	Gross	Impairment
	$'000	**$'000**	$'000	$'000
Not past due	**2,910**	**-**	968	46
Past due 0-30 days	**268**	**144**	218	92
Past due 31-120 days	**281**	**193**	208	126
	3,459	**337**	1,394	264

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2009	2008
	$'000	$'000
Balance at beginning of year	**264**	-
Provisions on acquisition of controlled entities	**-**	222
Impairment loss recognised	**73**	42
Balance at end of year	**337**	264

The Group's and the Company's exposure to credit risk is predominately in Australia and there are no significant concentrations of credit risk below this level.

Liquidity risk

Liquidity risk refers to the risk that the Group is unable to meet its financial commitments as and when they fall due.

The Group maintains a large amount of cash in liquid deposits that can be drawn at short notice to meet any financial commitments that may eventuate. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a minimum period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The Group or Company does not have any significant derivative financial liabilities.

36. FINANCIAL INSTRUMENTS (CONTINUED)

The tables below set out the Group's financial liabilities as at 27 June 2009 and 28 June 2008 into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

The amounts presented represent the future undiscounted principal and interest cash flows and therefore may not agree with the carrying amounts in the balance sheet.

CONSOLIDATED

	AS AT 27 JUNE 2009 CONTRACTUAL MATURITY (CASH FLOWS)					AS AT 28 JUNE 2008 CONTRACTUAL MATURITY (CASH FLOWS)				
	Carrying amount $'000	**Contractual cash flows $'000**	**Less than 1 year $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	1 to 5 years $'000	Over 5 years $'000
Non derivative financial liabilities										
Secured loans	**-**	**-**	**-**	**-**	**-**	2,982	(6,158)	(1,430)	(1,999)	(2,729)
Unsecured loans	**4,136**	**(5,136)**	**(316)**	**(2,340)**	**(2,480)**	4,425	(5,616)	(479)	(2,088)	(3,049)
Interest bearing liability	**-**	**-**	**-**	**-**	**-**	55,500	(63,122)	(63,122)	-	-
Finance lease obligations	**2,465**	**(5,171)**	**(1,386)**	**(1,353)**	**(2,432)**	1,619	(1,745)	(1,315)	(430)	-
Trade and other payables	**43,663**	**(43,663)**	**(38,038)**	**(5,625)**	**-**	64,426	(63,279)	(57,654)	(5,625)	-
	50,264	**(53,970)**	**(39,740)**	**(9,318)**	**(4,912)**	128,952	(139,920)	(124,000)	(10,142)	(5,778)

COMPANY

	AS AT 27 JUNE 2009 CONTRACTUAL MATURITY (CASH FLOWS)					AS AT 28 JUNE 2008 CONTRACTUAL MATURITY (CASH FLOWS)				
	Carrying amount $'000	**Contractual cash flows $'000**	**Less than 1 year $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	1 to 5 years $'000	Over 5 years $'000
Non derivative financial liabilities										
Trade and other payables	**3,652**	**(3,652)**	**(3,652)**	**-**	**-**	4,298	(4,298)	(4,298)	-	-
	3,652	**(3,652)**	**(3,652)**	**-**	**-**	4,298	(4,298)	(4,298)	-	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the fair value or future cash flows of the Group's and the Company's financial instruments.

(1) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or its associated cash flows will fluctuate in response to changes in market interest rates.

The Group's and Company's risk management policy for interest rate risk has been formulated to minimise the effects of interest rate movements on its assets and liabilities.

Interest rate risk arises from interest bearing financial assets and liabilities that the Group utilises.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

36. FINANCIAL INSTRUMENTS (CONTINUED)

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash and cash equivalents which are subject to movements in market interest rates. Cash and cash equivalents consist primarily of AUD cash held in short term deposits with highly rated relationship banks, along with cash held in transactional bank accounts to fund day to day operational requirements.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and therefore a change in interest rates at the reporting date would not affect profit or loss.

Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

82,222,222 convertible notes were issued by Unwired Group Limited to Intel Corporation maturing on 30 August 2009 and 11,111,111 notes were issued to Mitsui & Co Ltd maturing on 18 May 2012. Interest was payable at a fixed rate of 4.25% p.a. to Intel and was payable at an interest rate of 5.0% to Mitsui. The notes to Mitsui & Co Ltd were repaid during the year ended 28 June 2008.

As a result of the Group taking control of Unwired Group Limited on 15 November 2007, Intel was entitled to a redemption premium at 50% of the face value of the $37 million convertible note. On 15 May 2008, Intel issued a demand notice to Unwired Group Limited stating that the face value of the convertible note and the premium relating to the takeover of the Group, were due and payable. In the year ended 28 June 2008 the Intel convertible note was treated as an interest bearing liability. The face value of the convertible note and the premium were repaid during the current year.

The following table sets out the interest rate profile of the Group's and the Company's interest bearing financial instruments:

	CONSOLIDATED		COMPANY	
	CARRYING AMOUNT		**CARRYING AMOUNT**	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Fixed rate instruments:				
Financial liabilities	**(6,601)**	(64,526)	**-**	-
Variable rate instruments:				
Financial assets	**1,374,853**	1,235,911	**50**	50

The following table shows the impact on net profit and equity if floating interest rates at balance date had been 1% (100 basis points) higher or lower, with all other variables held constant.

	CONSOLIDATED				COMPANY			
	NET PROFIT		EQUITY		NET PROFIT		EQUITY	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
If interest rates were 1% (100 BPS) higher with all other variables held constant - Increase/(decrease)	**9,624**	8,651	**9,624**	8,651	**1**	1	**1**	1
If interest rates were 1% (100 BPS) lower with all other variables held constant - Increase/(decrease)	**(9,624)**	(8,651)	**(9,624)**	(8,651)	**(1)**	(1)	**(1)**	(1)

36. FINANCIAL INSTRUMENTS (CONTINUED)

(2) Currency risk

Foreign currency risk refers to the risk that the value of a financial instrument or its associated cash flows will fluctuate due to changes in foreign currency rates.

The Group has exposure to foreign exchange risk resulting from contracts requiring payment in US dollars (USD). This exposure is not considered material to the Group as a whole. The Group manages this risk through a policy which requires 'natural hedging' of future USD commitments through the purchase of USD provided the commitment is no greater than six months.

(3) Equity price risk

Equity price risk refers to the risk that the value of a financial instrument or its associated cash flows will fluctuate due to changes in the underlying share prices.

The Group has exposure to equity price risk arising from its portfolio of investments in listed equity securities.

The Group manages this exposure by only investing in high yielding, highly liquid equity securities.

The following table shows the impact on net profit and equity of the Group if equity prices at balance date had been 10% higher or lower, with all other variables held constant. The Company does not have any financial instruments subject to equity price risk.

A sensitivity of 10% is considered reasonable given the current level of prices and the volatility observed both on a historical basis and market expectations for future movement.

	CONSOLIDATED				COMPANY			
	NET PROFIT		EQUITY		NET PROFIT		EQUITY	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
If share prices were 10% higher with all other variables held constant - Increase/(decrease)	**30,783**	715	**41,734**	122,889	**-**	-	**-**	-
If share prices were 10% lower with all other variables held constant - Increase/(decrease)	**(30,783)**	(715)	**(41,734)**	(122,889)	**-**	-	**-**	-

The amounts included in net profit and equity are subject to impairment testing.

During the year ended 27 June 2009, an impairment loss of $160.8 million (2008: $47.3m) related to listed equity securities (refer note 5) was recognised in the profit and loss of the Group as follows:

A net impairment write-down of $1.4 million (2008: $5.7m) was made to financial assets designated at fair value through profit or loss.

The Group determined that there was objective evidence of a significant and prolonged decline in the fair value of certain available for sale investments in equity instruments below their cost. As the adjustment to fair value was initially recorded in reserves, the difference between cost and fair value of $219.4 million (2008: $41.6 million) has been transferred out of reserves and included in the profit and loss as a significant item.

The fair values of financial assets at fair value through profit or loss and available for sale investments are determined by reference to their quoted market prices at balance date.

Notes to the Financial Statements

YEAR ENDED 27 JUNE 2009

36. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

The carrying amounts of financial instruments disclosed in the balance sheet approximate their fair values.

Capital management

The Group manages its capital to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure while maximising shareholder value.

The Group's recent focus has been and remains on liquid dividend paying securities, whilst also focusing on capital growth opportunities.

As part of the Group's ongoing capital management strategy, on 5 August 2008, the Company announced a proposed on-market buyback programme of up to 40 million ordinary shares (approximately 19.4% of the issued share capital in the Company), approved by shareholders at an EGM held on 10 September 2008. During the year ended 27 June 2009 the Company bought back 15,817,290 ordinary shares at a cost of $89,175,000 (approximately 5% of the issued share capital in the Company).

In the prior year, the Company bought back 21,158,424 ordinary shares at a cost of $205,578,000 (approximately 10% of the issued share capital in the Company).

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

37. EVENTS SUBSEQUENT TO BALANCE DATE

On 10 July 2009, the Group announced its acquisition of an 18.3% shareholding in Consolidated Media Holdings Limited.
On 16 July 2009, the Group's investment in Consolidated Media Holdings Limited increased to 19.9%.
On 10 September 2009, Mr P Gammell and Mr R Stokes were appointed to the Board of Consolidated Media Holdings Limited.

On 2 September 2009, VividWireless, a Seven Network Limited company, announced plans to build Australia's only 4G wireless broadband network. The Company announced that the country's fastest wireless broadband service will be rolled out to consumers in Perth in March 2010. Funding of approximately $50 million has been committed to the roll out.

The proposed issue of 2,000,000 options to Mr B McWilliam and 3,000,000 options to Mr D Leckie under new option deeds are subject to approval at the Company's 2009 Annual General Meeting.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Directors' Declaration

YEAR ENDED 27 JUNE 2009

In accordance with a resolution of the Directors of Seven Network Limited (the Company), we state that:

In the opinion of the Directors:

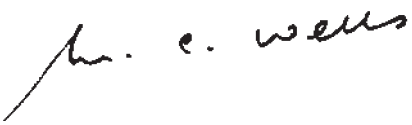
1 (a) the financial statements and notes 1 to 37, and the Remuneration report, in the Director's report, set out on pages 25-35 are in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the Company's and the Group's financial position as at 27 June 2009 and of their performance for the financial year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
   (b) the financial report also complies with International Financial Reporting Standards except as disclosed in note 1 (D);
   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 There are reasonable grounds to believe that the Company and the group entities identified in note 28 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

3 The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 27 June 2009.

On behalf of the Board

KM Stokes AC
Executive Chairman



MC Wells
Chairman of the Audit Committee

Sydney
25 September 2009

Independent Auditor's Report

TO THE MEMBERS OF SEVEN NETWORK LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Seven Network Limited (the Company), which comprises the balance sheets as at 27 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a statement of significant accounting policies and other explanatory notes 1 to 37 and the Directors' Declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

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

INDEPENDENCE

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

AUDITOR'S OPINION

In our opinion the financial report of Seven Network Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 27 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 29 to 35 of the Directors' Report for the year ended 27 June 2009. 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 auditing standards.

AUDITOR'S OPINION

In our opinion, the Remuneration Report of Seven Network Limited for the year ended 27 June 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Kenneth Reid
Partner

Sydney
25 September 2009

Company Information

LIST OF DIRECTORS

Kerry Stokes AC (Executive Chairman)

Peter Ritchie AO (Deputy Chairman)

David Leckie

Dulcie Boling

Peter Gammell

Bruce McWilliam

Ryan Stokes

Prof. Murray Wells

COMPANY SECRETARY

Warren Coatsworth

REGISTERED OFFICE

Company Secretariat
Level 2
38 – 42 Pirrama Road
Pyrmont NSW 2009

SHARE REGISTRY

Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000

AUDITOR

KPMG
10 Shelley Street
Sydney NSW 2000

LEGAL ADVISORS

Freehills
MLC Centre
Martin Place
Sydney NSW 2000

Mallesons Stephen Jaques
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Clayton Utz
Levels 27 - 35
1 O'Connell Street
Sydney NSW 2000

Investor Information

SHAREHOLDER INQUIRIES

Investors seeking information regarding their shareholding or dividends or wishing to advise of a change of address should contact the Share Registry at:

Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664 or

Visit the online service at www.registries.com.au

Registries Limited has an online service for investors called InvestorServe. This enables investors to make online changes, view balances and transaction history, as well as obtain information about recent dividend payments and download various forms to assist in the management of their holding. To use this service, simply visit the Registries Limited website.

Other general inquiries may be directed to Mr W. Coatsworth, Company Secretary on (02) 8777 7777 or visit the website at www.sevencorporate.com.au

TAX FILE NUMBER INFORMATION

The company is obliged to record Tax File Numbers or exemption details provided by shareholders. While it is not compulsory for shareholders to provide a Tax File Number or exemption details, Seven Network Limited is obliged to deduct tax from unfranked dividends paid to investors resident in Australia who have not supplied such information. Forms are available upon request from the Share Registry or shareholders can submit their Tax File Number via the Registries' website.

THE CHESS SYSTEM

Seven Network Limited operates under CHESS – Clearing House Electronic Subregister System – an Australian Stock Exchange system which permits the electronic transfer and registration of shares. Under CHESS, the company issues a Statement of Holdings to investors, instead of share certificates, and the statement will quote the Holder Identification Number (HIN). The HIN number should be quoted on any correspondence investors have with the Share Registry.

The company will maintain investors' holdings in an Issuer Sponsored facility, which enables investors to maintain their holding without the need to be tied to any particular stockbroker.

Shareholder Information

YEAR ENDED 27 JUNE 2009

SUBSTANTIAL SHAREHOLDERS – ORDINARY SHARES

The number of ordinary shares held by the Substantial Shareholders based on the most recent notifications contained in the Company's Register of Substantial Shareholders as at 7 September 2009 are as follows:

Shareholder	No. of Shares	% Held*
KM Stokes and associated companies [1]	92,814,349	48.78
Tiberius Pty. Limited and associated companies [2]	92,814,349	48.78
Clabon Pty. Limited [3]	30,731,907	16.07
Ausbil Dexia Limited	13,858,704	7.28
SAS Trustee Corporation	14,438,458	5.63

Relevant interests in shares in (3) included in (1) and (2) above

* Based on issued capital at date of notification

DISTRIBUTION OF ORDINARY SHAREHOLDERS AND TELYS3 SHAREHOLDERS

Category (No.s)	Ordinary Shareholders	TELYS3
1 – 1,000	5,400	10,812
1,001 – 5,000	3,951	466
5,001 – 10,000	411	35
10,001 – 100,000	211	17
100,001 – and over	36	4
Total No. of Holders	10,009	11,334
No. of Holdings less than a Marketable Parcel	591	2

TWENTY LARGEST ORDINARY SHAREHOLDERS

Name of Shareholder	No. of Shares	% Held
ANZ Nominees Limited	62,840,854	33.02
Wroxby Pty. Limited	30,731,907	16.16
National Nominees Limited	23,780,914	12.50
HSBC Custody Nominees (Australia) Limited	10,350,313	5.44
J P Morgan Nominees Australia Limited	9,325,509	4.90
ANZ Nominees Limited	9,019,576	4.74
HSBC Custody Nominees (Australia) Limited	4,945,433	2.60
Citicorp Nominees Pty. Limited	4,877,063	2.56
Cogent Nominees Pty. Limited	4,117,566	2.16
Queensland Investment Corporation	1,753,659	0.92
UBS Nominees Pty. Limited	1,308,229	0.69
AMP Life Limited	716,437	0.38
Citicorp Nominees Pty. Limited	625,787	0.33
Credit Suisse Securities (Europe) Limited	490,000	0.26
Australian Executor Trustees Limited	363,183	0.19
HSBC Custody Nominees (Australia) Limited	284,081	0.15
RBC Dexia Investor Services Australia Nominees Pty. Limited	272,393	0.14
Escor Investments Pty. Limited	250,000	0.13
Australian Executor Trustees Limited	241,105	0.13
UBS Wealth Management Australia Nominees Pty. Limited	214,057	0.11
Total Twenty Largest Ordinary Shareholders	166,508,066	87.51

Shareholder Information

YEAR ENDED 27 JUNE 2009

TWENTY LARGEST TELYS3 SHAREHOLDERS

Name of Shareholder	No. of TELYS3	% Held
J P Morgan Nominees Australia Limited	184,605	3.72
RBC Dexia Investor Services Australia Nominees Pty. Limited	170,821	3.45
UBS Wealth Management Australia Nominees Pty. Limited	143,892	2.90
ANZ Nominees Limited	110,258	2.22
Australian Executor Trustees Limited	85,064	1.72
HSBC Custody Nominees (Australia) Limited	67,516	1.36
UCA Cash Management Fund Limited	49,941	1.00
Citicorp Nominees Pty. Limited	46,012	0.93
Taverner No 11 Pty. Limited	37,895	0.77
Perpetual Trustees Consolidated Limited	30,147	0.61
SR Consolidated Pty. Limited	21,435	0.43
RBC Dexia Investor Services Australia Nominees Pty. Limited	17,815	0.35
Netwealth Investments Limited	17,704	0.35
Lenhut Pty. Limited	15,619	0.31
Shanlodge Pty. Limited	15,426	0.31
RBC Dexia Investor Services Australia Nominees Pty. Limited	15,000	0.30
National Nominees Limited	12,777	0.26
Netwealth Investments Limited	12,510	0.25
Kathbe Pty. Limited	12,000	0.24
Cogent Nominees Pty. Limited	11,573	0.23
Total Twenty Largest TELYS3 Shareholders	1,078,010	21.71

DETAILS OF OPTIONS ISSUED BY SEVEN NETWORK LIMITED

Number on issue:	1,275,000
Number of holders:	4
Name and number of options held by an option holder holding 20% or more of the options in this class:	Mr P Meakin holds 1,000,000 options over ordinary shares

VOTING RIGHTS

Ordinary Shares

On a show of hands, every member present in person or by proxy or attorney, or being a corporation, present by its representative, shall have one vote. On a poll, every member present in person or by proxy or attorney, or being a corporation, present by its representative, shall have one vote for every share held.

Options

There are no voting rights attached to options. Upon exercise of the option, the issued shares will confer full voting rights.

TELYS3

There are limited voting rights attached to TELYS3 as detailed in their terms of issue. In broad terms, a holder has the right to vote if a dividend is in arrears, on a proposal to reduce share capital, affecting rights on the TELYS3, on a winding up of the company, on a disposal of the whole undertaking of the company, on a resolution to approve a buy – back agreement and during the winding up of the company. Upon conversion of the TELYS3, the resulting issued shares will confer full voting rights.

STOCK EXCHANGE LISTING

The Company is listed with the Australian Stock Exchange Limited and the home exchange is Sydney.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

Corporate Directory

YEAR ENDED 27 JUNE 2009

HEAD OFFICE

Seven Network Limited
Level 4
38 - 42 Pirrama Road
Pyrmont NSW 2009

Ph: (02) 8777 7777
Fax: (02) 8777 7778

SALES OFFICE

Level 3
38 - 42 Pirrama Road
Pyrmont NSW 2009

Ph: (02) 8777 7777
Fax: (02) 8777 7778

SEVEN NEWS CENTRE

52 Martin Place
Sydney NSW 2000

Ph : (02) 8777 7777
Fax: (02) 8777 7778

CHANNEL SEVEN SYDNEY

Mobbs Lane
Epping NSW 2121

Ph: (02) 9877 7777
Fax: (02) 9877 7778

CHANNEL SEVEN MELBOURNE

160 Harbour Esplanade
Docklands Melbourne Vic 3008

Ph: (03) 9697 7777
Fax: (03) 9697 7747

CHANNEL SEVEN BRISBANE

Sir Samuel Griffith Drive
Mt Coot-tha Qld 4006

Ph: (07) 3369 7777
Fax: (07) 3368 7410

CHANNEL SEVEN QUEENSLAND

140-142 Horton Parade
Maroochydore Qld 4558

Ph: (07) 5430 1777
Fax: (07) 5430 1760

CHANNEL SEVEN ADELAIDE

40 Port Road
Hindmarsh SA 5007

Ph: (08) 8342 7777
Fax: (08) 8342 7717

CHANNEL SEVEN PERTH

Off Dianella Drive
Dianella WA 6059

Ph: (08) 9344 0777
Fax: (08) 9344 0670

SEVEN NETWORK AUSTRALIA LOS ANGELES BUREAU

10100 Santa Monica Blvd
Suite 1750 Century City
Los Angeles California 90067
United States of America

Ph: (310) 553 3345
Fax: (310) 553 4812

SEVEN NETWORK ASIA LIMITED

Unit 1601, 16/F,
Millennium Trade Centre
56 Kwai Cheong Road
Kwai Chung
New Territories
Hong Kong

Ph: (852) 2526 2928
Fax: (852) 2526 2097

PACIFIC MAGAZINES

Level 3
35 – 51 Mitchell Street
McMahons Point
NSW 2060

Ph: (02) 9464 3300
Fax: (02) 9464 3501

UNWIRED GROUP LIMITED

Level 21,
1 Market Street
Sydney NSW 2000

Ph: (02) 9231 6055
Fax: (02) 9231 6044

ENGIN LIMITED

431 Warringah Road
Frenchs Forest
NSW 2086

Ph: (02) 9004 4444
Fax: (02) 9004 4455

DESIGNED AND PRODUCED BY TEXT PACIFIC PUBLISHING, A CARBON MEASURED COMPANY
www.textpacific.com.au