SEVEN WEST MEDIA

ABN 91 053 480 845

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Delivering world class content everywhere

Annual Report 2017

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We are number one in television

We are now in our eleventh consecutive year of leadership in broadcast television.

Our commitment to leadership also extends beyond television, with our market-leading presence in video on demand with PLUS7 and the market-leading success of our key publishing brands.

Our business is built on great ideas and a passion for delivering the best content to all Australians across every screen.

We are making great strides in connecting with our audiences across every screen. This leadership and commitment to great ideas with content we create will define our future across every communications platform.

We are focused on the performance of our business: building the company in a time of ongoing transformation.

#1

› PRIMETIME, NEWS AND BREAKFAST TELEVISION

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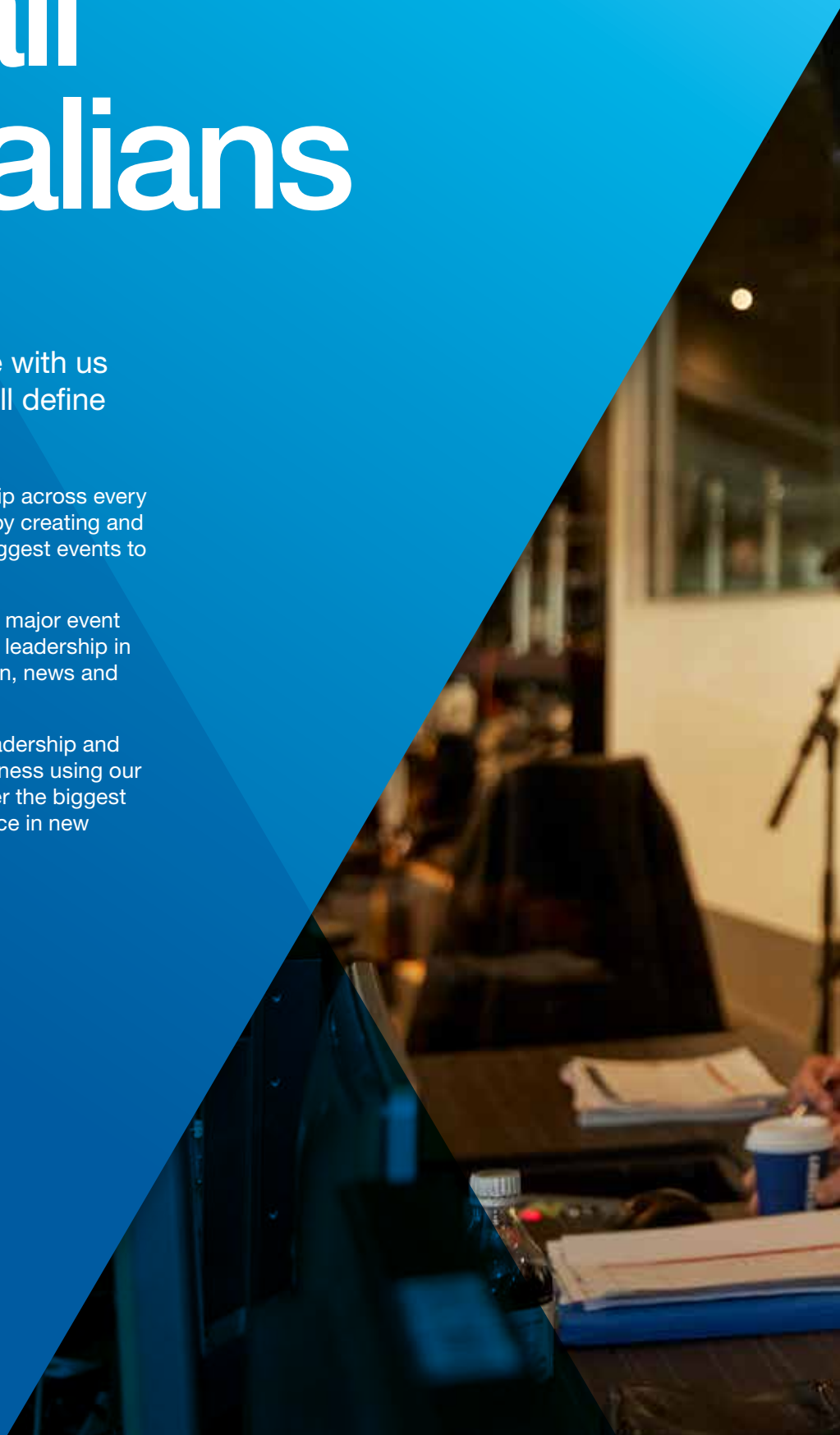
We engage with all Australians

How our audiences engage with us today and into the future will define our success.

Driving our future will be our leadership across every screen. Our success is underpinned by creating and delivering the best content and the biggest events to all Australians.

Our leadership in television – with key major event franchises – sees Seven extending its leadership in breakfast television, morning television, news and across primetime.

We are focused on building on our leadership and driving new opportunities for our business using our market leadership and ability to deliver the biggest audiences to rapidly grow our presence in new forms of content delivery.



#1

› COMMERCIAL CATCH-UP TELEVISION APP

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We are everywhere

Our business continues to redefine itself to meet the changing demands of an evolving communications landscape.

Broadcast television drives our business. Our ability to create compelling and engaging content underpins our success.

Across our media businesses we deliver extraordinary and unparalleled reach and engagement.

But our audiences are changing.

And we are changing.

Our future is now.

Our audiences are engaging with us across all screens. And we are there with great content that will engage our audiences on their terms.

Our success today will define our future development as we focus on creating content for all screens and building partnerships in the delivery of that content.

#1

› COMMERCIAL TELEVISION ADVERTISING REVENUE

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We are defining our future

Our performance dashboard tracks the accomplishments and progress against our strategic pillars outlined in 2013.

1. Maintain Leadership

Milestones achieved

- #1 22nd consecutive half of TV ratings and revenue leadership
- #1 Highest operating margin of any Australian FTA TV business
- #1 in all key broadcast TV demographics
- #1 Commercial catch-up TV app in terms of audience
- #1 Market share of 45 per cent for advertising revenue from long-form on-demand and live digital video
- #1 Portfolio of publishing assets in core markets

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2. Redefine the Operating Model

Milestones achieved

- Multiplatform delivery of major premium content
- Group operating costs down $20 million including AFL (excluding Olympics, licence fees and 3rd party commissions)
- Implementation of Pacific's content everywhere strategy drove 15 per cent cost reduction
- The Sunday Times and PerthNow acquisition driving greater returns from existing The West assets
- Re-negotiated Yahoo7 agreement to better support Total Video strategy

3. Fuel New Growth

Milestones achieved

- Largest TV production company in Australia with 11 per cent growth in global commissions and program sales
- Digital advertising revenue increased by > 100 per cent YoY
- Rapid, low-cost deployment of new digital products
- Achieved 50 per cent payback from Sunday Times in first 7 months
- Ventures investment portfolio value increased 107 per cent to $83 million

two three

We are building our future

Our business is changing. It is evolving rapidly as we meet the demands of a changing communications landscape.

Four years ago, we defined a strategy for our future development. It was a strategy that has underpinned our business and provided us with the framework to build on our leadership.

We will engage with our audiences. We will develop new partnerships and driving our future will be our commitment to deliver the best content and most engaging connections with our audiences.

We are delivering leadership across our media businesses in Australia. We are building a significant presence in international markets with new production company ventures that are securing commissions.

We have made significant advances in our moves into the delivery of our content beyond broadcast television and our publishing businesses. Our publishing businesses are transforming into media brands and creating their future across all screens.

Our commitment is to drive home our leadership and deliver the biggest audiences.

It is a commitment that sees us focus on creating and owning great content.

It is a commitment that sees us form long-term partnerships with the Australian Football League, the International Olympic Committee and Tennis Australia to deliver the biggest events in sports.

And in delivering the biggest events on television and securing the largest audiences, we also create a remarkable platform from which to extend our leadership across all screens, to engage with our audiences on their terms.

As well as creating our own future, our media businesses and our deep connections with our audiences allows us to build new businesses.

Some of these businesses, such as our rapidly expanding television production ventures, allow us to increase our media presence. But beyond these ventures, we are focusing on investing in businesses that build our digital presence. We are also investing in new businesses that connect with our audiences – including SocietyOne and Airtasker.

Digital content engagement is at the core of the future.

And as we build our businesses, we are transforming how we do business. We are driving change, we are focused on doing things smarter, managing our costs and driving greater efficiencies while maintaining our leadership in content creation and delivery of audiences.

Underpinning each of these developments is a commitment to enhance shareholder value.

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Delivering engagement and value through powerful storytelling

one

CREATE AND OWN MORE EXCEPTIONAL CONTENT

- Create, control and produce the best content for every platform
- Rapidly extend the content production and distribution network
- Acquire premium content rights
- Enhance content offering for key demographics

two

GROW AND KNOW OUR AUDIENCES; LEAD IN TOTAL VIDEO

- Maintain industry leadership in ratings and circulation
- Drive audience growth through:
  - strong social capabilities;
  - strategic partnerships;
  - data capabilities and consumer insights
- Accelerate mobile products

three

DELIVER INCREASED PROFITABILITY AND MORE DIVERSIFIED EARNINGS

- Grow revenues through strategic acquisition
- Develop transactional capability
- Continue to build live events business
- Invest in digital adjacencies
- Reduce costs and create a more scalable cost base
- Drive efficiencies and simplification through technology

ENGAGE SCALE AUDIENCES

MAXIMISE THE VALUE OF OUR CONTENT AND IP

GROW THE VALUE OF OUR AUDIENCES

TRANSFORM THE WAY WE WORK

Our enablers

PEOPLE & CULTURE

- Affect a one company culture; collaborative and agile
- Drive change
- Address talent shortages and create career pathways

INFLUENCE & REGULATION

- Partner and engage with others to shape industry environment
- Influence a fit for purpose regulatory environment

DISRUPTION & INNOVATION

- Foster and support innovation in all areas of the business
- Leverage disruption to identify growth opportunities

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We are now on every screen

The coming twelve months sees our company make a series of bold and innovative steps that will shape our future and provide cornerstone for future development.

We have the biggest events in sports – the AFL Finals Series, the AFL Grand Final, the Melbourne Cup, the Rugby League World Cup, the Australian Open, the Olympic Winter Games and the Commonwealth Games.

These events provide us with the unparalleled opportunity to deliver the biggest audiences and advertising revenue over the coming twelve months.

This portfolio of major events also allows us to connect with our audiences and define how we will connect with them in the future.

We are launching a new video streaming service. We have a new partnership with AOL/Verizon in Yahoo7 and we are accelerating our plans to drive home our leadership in “total video” for our audiences across all screens. We are building our presence in live events. And we will continue to invest in growth businesses that will benefit from the power of our assets.

Torah Bright, Olympic Gold and Silver Medallist. The Olympic Winter Games are on Seven in February 2018.

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Letter from the **Chairman**

Welcome to our annual report for shareholders.

Despite a challenging environment, our broadcast television business continues to perform strongly, with leadership in news and public affairs, breakfast television and primetime throughout the year.

We have also maintained our market-leading presence in publishing with the ongoing transformation of Pacific Magazines, the significant redevelopment of The West across all media platforms and the acquisition of The Sunday Times and PerthNow – adding further depth to our market-leading presence in Western Australia.

Our businesses continue to entertain and inform millions of Australians every day, however we also recognise we are in a period of rapid change, especially in how we engage with our audiences.

Our capacity to connect with them across all media and all screens, particularly mobile devices, will determine our future for many years to come.

While we are very proud that our group is delivering record revenue share of above 40 per cent in the free to air market, we acknowledge the sector is diminishing in size and we need to adapt with new strategies.

We support the Federal Government's media reforms, including licence fees being addressed, to enable local media groups to remain strong in the face of increasing competition from various new players.

While we delivered the lower end of our underlying EBIT guidance, the annual result did include material adjustments to the carrying values of our intangible assets and some onerous contract provisions.

These reflect the current market conditions in which we are operating and resulted in a full year loss after tax.

We continue to work on cutting costs and creating efficiencies, while investing in compelling content, including our long-standing associations with the Olympics, Australian Open Tennis and AFL.

These properties provide strategic relevance and increase our exposure to millions of viewers across free to air television and mobile devices. However, some of these contracts we entered into in the past do not reflect the current market conditions.

To address this issue, we are developing more of our own program franchises, with details provided by Tim Worner in his CEO report.

With every challenge comes opportunities and we are pursuing them with enthusiasm and focus, engaging our audiences with content across all screens. We are also investing in new businesses and new platforms for the delivery of our digital content, with this increased investment reflected in our accounts.

To this end the group is advancing the delivery of our video content across all screens with PLUS7 and other initiatives.

Among the various issues faced during the year, we were obliged to take legal action to protect our business from the release of confidential company information and defend the reputations of our people.

As detailed in two separate successful NSW Supreme Court judgements, our group acted professionally and appropriately in the handling of this matter, which we trust is now closed.

On behalf of our directors, I wish to thank all of our people and shareholders for your continued commitment to the group during a challenging year as we work hard to build shareholder value.

Kerry Stokes AC
Chairman

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Our broadcast television business **delivers leadership in news and public affairs, breakfast television and primetime**

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Letter from the **Managing Director** and **Chief Executive Officer**

This has been another year which confirmed our enormous audience reach across all the businesses that make up Seven West Media.

But it has also been a year in which all media companies confronted a new constant: that of change.

Our financial results for 2017 reflect that new constant. Our results reflect a tough market. They also reflect tough decisions as we reconsider the valuations of key properties which continue to provide significant benefits for us but which were signed in a completely different market, only a few short years ago.

As a company we are transforming. We are building new businesses. We are expanding our content creation capabilities and we are now a company connecting with all Australians across every screen. Driving that is the strong underlying performance of our media businesses and brands.

We continue to drive our leadership in broadcast television. We continue to evolve our publishing brands. We continue to expand our capability in content creation and we are developing more opportunities for the delivery of that content across all screens and platforms. We are transforming our company as we meet the changing demands of the communications landscape.

Our strategy and objectives and how we will continue to use our strengths in content to build our future are detailed in this annual report.

Our people remain very focused on market leadership. We are now in our eleventh consecutive year of leadership in broadcast television, in both ratings and revenue. We are the leading commercial television business in catch-up TV. We own and are growing Australia's leading digital publishing business. Over the past twelve months, we have further strengthened our presence in the West Australian market with the acquisition of The Sunday Times and Perth Now. Internationally, we have successfully expanded our presence in the production of content.

As noted by our Chairman in this report, this has been a tough and competitive past twelve months. We have, as a company, made hard but necessary decisions and our financial results reflect these decisions.

During the last twelve months we have made real progress toward achieving a regulatory framework that is better suited to the current operating environment. In 2013, Seven called for a broad reform package to media ownership. Consequently, we are extremely pleased that the Government announced reforms addressing this issue in May 2017, which we believe will go a long way to achieving the objective.

In particular, we welcome the Government's move to reduce television licence fees, which have been the single biggest regulatory impediment facing this industry for some time.

Seven supports the proposed changes to the media ownership rules as part of the Government's comprehensive package. We recognise that the changes we are witnessing in media consumption and delivery are challenging the traditional sector-based regulations currently in place. Legislation to deliver these much needed changes is currently before the Senate and we urge all parties to support these reforms.

There is more to be done as we transform our company. Taking our content beyond broadcast television has moved to a new level with the streaming of our market-leading video content live or on demand, on any device.

Seven will continue to build on our already market-leading live and VOD digital advertising revenue, which in FY17 delivered over a 45 per cent revenue share and a 36 per cent audience share. This was delivered across PLUS7 and our live OTT premium streaming sport.

Later this year we will be launching a new wholly owned and operated product and platform to accelerate this growth across every screen. We are also looking forward to our expanded partnership with AOL/Verizon via Yahoo7.

We create and own much of what you see on Seven: Home and Away, My Kitchen Rules, House Rules and many more highly popular series. We are acknowledged for our leadership in the production of Australian drama. We have key major event franchises, including the AFL, the Olympic Games, the Gold Coast Commonwealth Games, the Australian Open tennis and the Rugby League World Cup.

The content we create and these major tentpole events will define our business. Soon we will unveil plans for the further delivery of our video and publishing content across an array of platforms. This will deepen our connection with our audiences on their terms and on any device.

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We are expanding our content creation capabilities and we are now a company connecting with all Australians across every screen

Our focus on content is underpinned by Seven Studios, the vehicle that is creating and exploiting Seven's valuable intellectual property assets. Seven is investing in exceptional content for Australian and global audiences. The Emmy Award winning Beat Bugs children's program, based on the music of the Beatles, has been commissioned globally by Netflix. This has been followed by a major merchandising launch in the US market this month, with a UK launch in September. Seven's original program, My Kitchen Rules, has now been produced in 11 international territories and continues to build global audiences. We are well placed to significantly expand this division and build on the success that has been achieved to date.

We are also using the enormous reach of our audience to drive growth across the company. In this annual report, you will see some key partnerships and investments beyond our core media businesses. These investments share a common thread: they are opportunities for growth. They are ventures that are well-managed and allow us to use our audience delivery and marketing capabilities to build brands and shareholder value in Seven West Media.

Content, and the delivery of that content to our audiences, across every screen, is our future. We are focused on transforming how we work. There is a relentless focus on our structures and our costs.

It has not been an easy twelve months for media businesses in Australia. Our financial results reflect that. But it has been twelve months in which we have built on our businesses' market leadership, transformed how we do business and put in place the architecture that will see your company build and take advantage of a changing, dynamic landscape.

We thank you, our shareholders, for your continuing commitment to our company.

Tim Worner
Managing Director and
Chief Executive Officer

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We are transforming our business

Change is a constant as we meet the demands of our audiences and accelerating advances in the communications landscape.

These developments deliver significant opportunities for our company as we connect with all Australians.

We are committed to further extending our leadership and delivering market-leading margins as we continue to invest in the future of our business in a rapidly changing and competitive market.

We are focused on enhancing our performance as “one company”, creating opportunities to build our businesses, driving greater efficiencies, strengthening our balance sheet and delivering shareholder wealth.

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Group performance

Key outcomes

22

CONSECUTIVE HALVES OF TELEVISION RATINGS AND REVENUE LEADERSHIP

GROUP OPERATING COSTS DOWN

$20 million

(INCLUDING AFL EXCLUDING OLYMPICS, LICENCE FEES AND 3RD PARTY COMMISSIONS)

40.2%

METRO FREE-TO-AIR TV ADVERTISING REVENUE MARKET SHARE

50%

PAYBACK FROM SUNDAY TIMES IN FIRST 7 MONTHS

4 billion

ONLINE VIDEO VIEWS

PACIFIC CAPTURES

27%

OF ALL MAGAZINES READERSHIP

UNDERLYING NET PROFIT AFTER TAX OF

$166.8 million

(EXCLUDES THE IMPACT OF SIGNIFICANT ITEMS AFTER TAX)

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Summary Financial Performance

	FY17 $m	FY16 $m	Change %[3]
Revenue	1,673.6	1,720.5	-2.7%
Other income	5.4	6.1	-11.9%
Share of net profit (loss) of equity accounted investees	0.4	(12.8)	n/a
Revenue, other income and equity accounted profits	1,679.4	1,713.8	-2.0%
Operating expenses excluding depreciation and amortisation	(1,372.7)	(1,350.3)	1.7%
EBITDA[1]	**306.7**	**363.5**	**-15.6%**
Depreciation and amortisation	(45.3)	(45.4)	-0.2%
EBIT[2]	**261.4**	**318.1**	**-17.8%**
Net finance costs	(38.6)	(37.8)	2.0%
Profit before significant items and tax	**222.8**	**280.3**	**-20.5%**
Significant items excluding tax	(988.8)	(32.9)	n/a
(Loss) profit before tax	**(766.0)**	**247.4**	**n/a**
Tax benefit (expense)	21.0	(63.1)	n/a
(Loss) profit after tax	**(745.0)**	**184.3**	**n/a**
EBITDA margin	18.3%	21.2%	
Basic EPS	(49.4 cents)	12.2 cents	
Basic EPS excluding significant items net of tax	11.1 cents	13.7 cents	
Diluted EPS	(49.4 cents)	12.2 cents	
Diluted EPS excluding significant items net of tax	11.1 cents	13.7 cents	

1. EBITDA relates to profit before significant items, net finance costs, tax, depreciation and amortisation.
2. EBIT relates to profit before significant items, net finance costs and tax.
3. Change percentages are calculated on whole dollars and not the rounded amounts presented.

Reconciliation of EBIT to statutory profit before tax

	FY17 $m	FY16 $m	Change %
EBIT	**261.4**	**318.1**	**-17.8%**
Net finance costs	(38.6)	(37.8)	2.0%
Significant items excluding tax	(988.8)	(32.9)	n/a
(Loss) profit before tax	**(766.0)**	**247.4**	**n/a**

Review of Operations

Seven West Media Limited reported a statutory net loss of $745.0 million for the year ended 24 June 2017. This compares to the previous corresponding year statutory net profit of $184.3 million. Excluding significant items, the current year profit after tax of $166.8 million is down 19.5 per cent on the previous year profit of $207.3 million.

Seven West Media recorded significant items of $988.8 million in the period, including the impairment of intangibles, equity accounted investees, other assets including fixed assets, restructuring costs, onerous contracts and net loss on disposal of investments.

The reduction in the carrying value of the television assets represented the largest proportion of these write downs. This has been driven by softer free to air market conditions and a revision in growth assumptions for the market outlook impacting the carrying value of the television licence and certain sports rights. Prior period significant items of $32.9 million related to restructuring costs.

The group delivered revenue of $1,679.4 million, down 2.0 per cent versus the previous year. Profit before significant items, net finance costs and tax (EBIT) of $261.4 million was down 17.8 per cent on the previous year. A fully franked final dividend of 2 cents per share has been declared and will be paid in October 2017 (2016 final dividend: 4 cents per share fully franked).

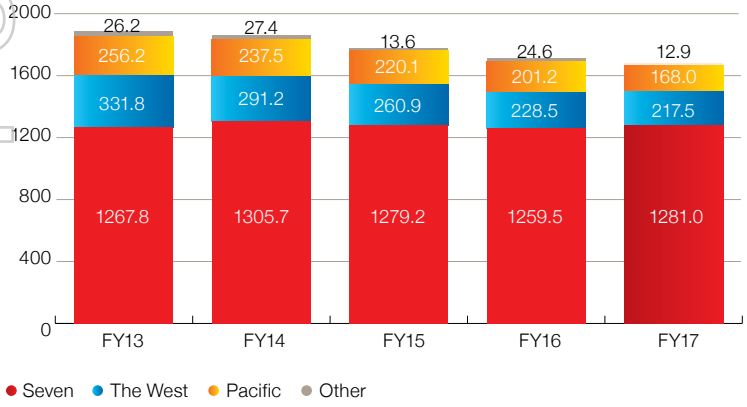
Advertising Market and Revenue Performance

The Australian advertising market was flat in the financial year to 30 June 2017, declining by 0.1 per cent for the period according to SMI data. Seven West Media has continued to transform its business, growing its online and social audience while maintaining its lead in the core markets it competes.

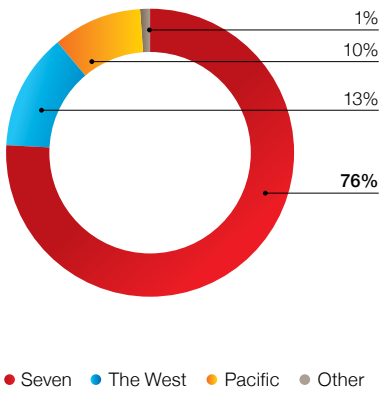
Metropolitan television advertising decreased 3.7 per cent in the financial year, based on Free TV data. Seven captured 40.2 per cent share of advertising in the metro market, marking eleven years of revenue leadership. In the 6 months to June 2017 Seven secured 39.5 per cent share of metro advertising revenues. The trends in publishing advertising markets remained challenging. SMI reported a decline of 23.6 per cent in Newspapers. The West titles including Sunday Times reported a decline of 11.9 per cent. The magazine advertising market declined 17.5 per cent based on SMI data. Pacific's print advertising declined 28.0 per cent in the period, but 23.4 per cent on a like for like basis, excluding closures.

Advertising market growth in digital moderated to an increase of 8.1 per cent. Seven West Media recorded digital revenue growth of 102 per cent excluding Yahoo7. Yahoo7 experienced growth in video but premium display pressures remained. Seven West Media continues to develop new technologies both in the delivery of content and advertising value to enhance the revenue proposition for future years.

REVENUE ($M)



REVENUE AS A % OF GROUP



Revenues shown in charts above exclude Corporate revenues.

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Seven West Media continues to develop new technologies both in the delivery of content and advertising value to enhance the revenue proposition for future years.

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Group revenue of $1,679.4 million was 2.0 per cent lower than the prior year with advertising revenue of $1,239.3 million and other revenue of $440.1 million. Television revenue now represents 76 per cent of group revenue.

Cost Management

Group operating costs including depreciation and amortisation increased by 1.6 per cent to $1,418.0 million driven by major one off events, growth in 3rd party productions and the purchase of The Sunday Times and PerthNow. On an underlying basis excluding these one-off expenses, operating costs decreased 6.1 per cent during the financial year.

EBITDA and Operating Margins

Seven West Media delivered EBITDA of $306.7 million, 15.6 per cent lower than the prior year with an EBITDA margin of 18.3 per cent. Market-leading EBITDA margins were retained through Seven's EBITDA margin of 21.2 per cent and The West's EBITDA margin of 21.5 per cent. Pacific's EBITDA margin was 3.7 per cent. Seven's EBITDA, which includes its production business, now accounts for 84 per cent of total group EBITDA.

Balance Sheet

At 24 June 2017 Seven West Media had net assets of $418.9 million.

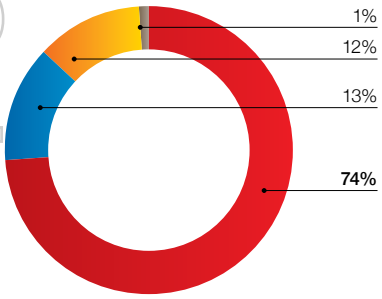
Group net debt at the end of the year was $725.7 million and the debt leverage ratio was 2.4x EBITDA (Dec 2016: 2.2x).

In October 2016, the Group extended its debt facilities for a further two years with no changes to covenants or undertakings, out to an expiry date of October 2020. The overall facility limit was reduced to $900 million, down from $1.1 billion.

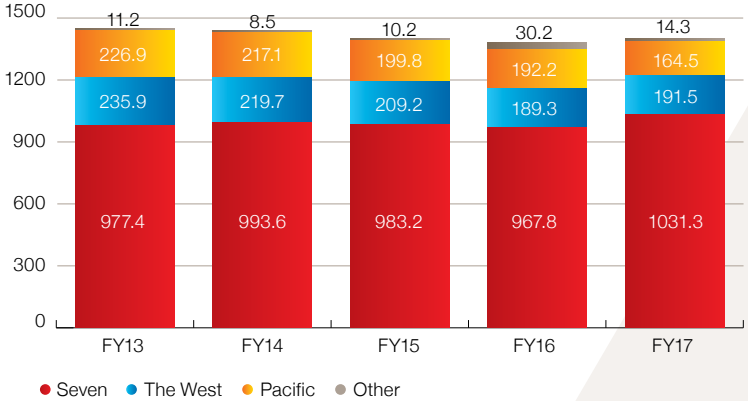
Review of Businesses

A summary of the performance of Seven West Media's key business units for the year ending 24 June 2017 is set out in the following pages.

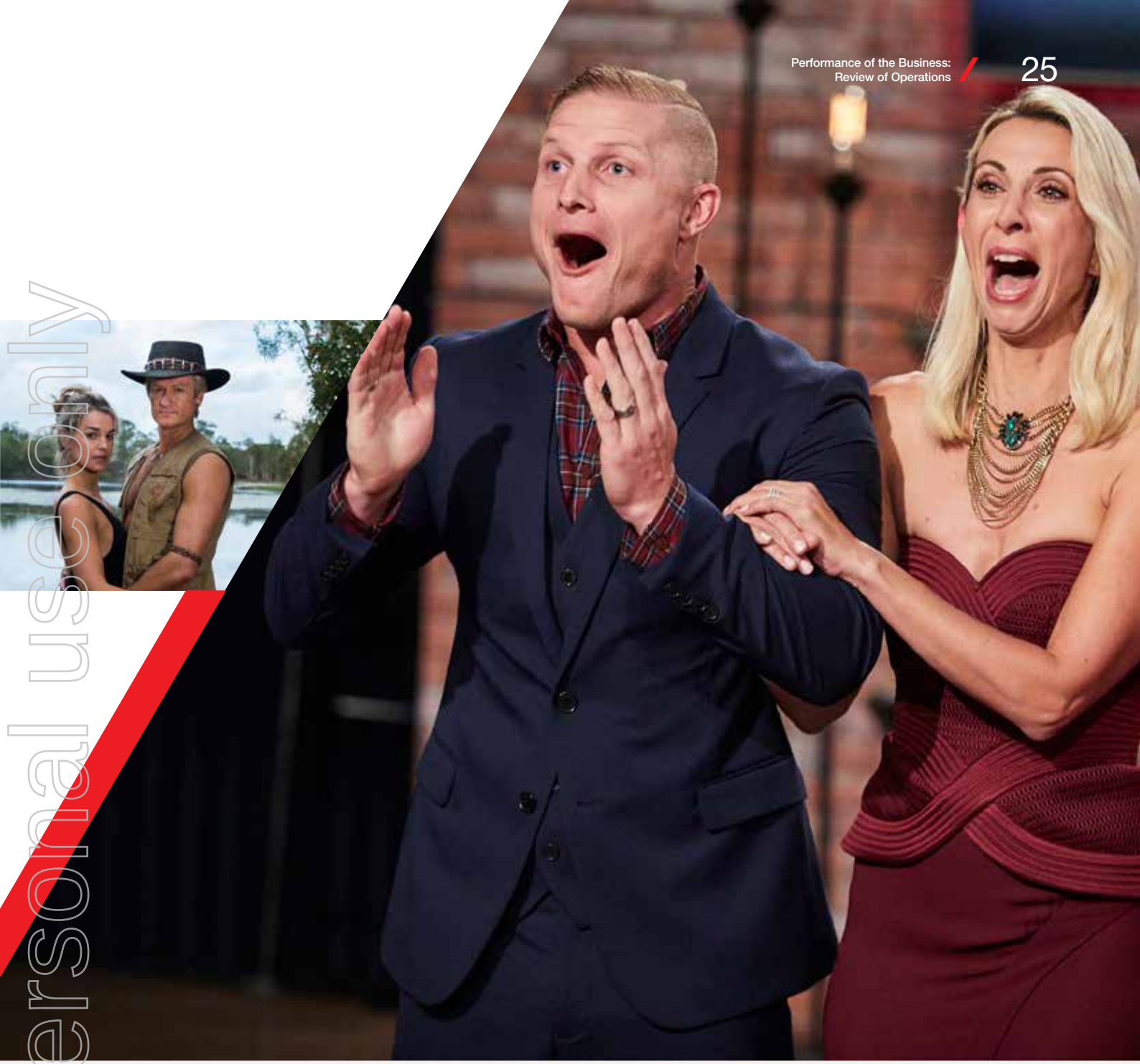
PERCENTAGE OF OPERATING COSTS



OPERATING COSTS ($M)



All costs shown in charts above exclude the impact of significant items and Corporate costs.



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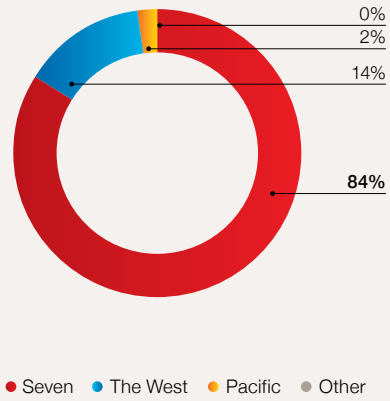
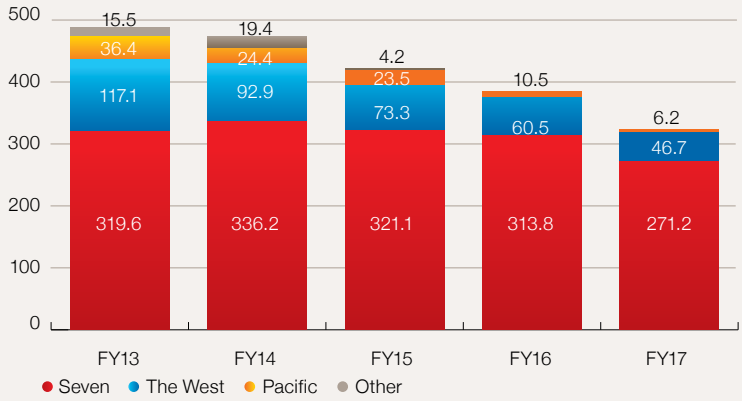
PERCENTAGE OF TOTAL EBITDA



EBITDA ($M)



All costs shown in charts above exclude the impact of significant items and Corporate costs.

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PERFORMANCE OF THE BUSINESS

Seven

Seven is number one in primetime. Seven News is Australia's number one. Sunrise continues to dominate breakfast television. Seven is expanding this leadership across all screens.

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Seven is Australia's largest premium video content producer and the leading free-to-air television business in the country.

Building on its success in television, Seven has been establishing new platforms and distribution models to monetise its content through video on demand, live streaming, subscription television and social media. A major milestone in this digital transformation will be Seven taking full control of its long form digital content from December 2017, building on the existing success of the market-leading Plus7.

Seven's content production business, Seven Studios, continues to grow its global footprint with new international customers and an expanded global presence. Seven Studios produced over 850 hours in the period with revenues from its 3rd party productions and program sales growing 11 per cent on the previous financial year. The growth in Seven Studios is delivering material benefits to the core business by maximising returns on the monetisation of content commissioned by the Seven Network.

Seven has delivered another strong ratings and revenue result for the 2017 financial year and once again retained its leading position across all people and all key demographics and again securing the largest revenue share in the metro market. Driving this success has been the consistency and depth of Seven's programming meeting both audience and advertiser demands. This financial year marked the return of the Olympics to the Seven Network, the return and resurgence of tentpole franchises including My Kitchen Rules and House Rules, the strengthening of Seven's leadership in Australian news and the successful launch of several new and returning programs.

In the period Seven Network welcomed the Government's further reduction of licence fees with a one-off relief measure cutting fees by $35 million in the 2017 financial year. Under the Government's proposed media reform package licence fees will be abolished permanently and a new annual spectrum charge of approximately $10 million per annum will be introduced for television broadcasters.

Seven's revenue increased 1.7 per cent, driven by growth in advertising through share gains, affiliation fees and Seven Studios sales. Total costs increased 6.6 per cent in the period, however on an underlying basis excluding Olympics and Seven Studios 3rd party productions, costs declined 3.1 per cent. Seven's market-leading EBITDA of $271.2 million was delivered at a 21.2 per cent margin. EBIT (Profit before significant items, net finance costs and tax) decreased 14.4 per cent to $249.7 million. This represents 90 per cent of group EBIT, excluding corporate costs.

FINANCIAL PERFORMANCE: TELEVISION

	FY17 $m	FY16 $m	Change %
Revenue			
Advertising	1,062.0	1,053.1	0.8%
Affiliate fees and other	121.7	118.8	2.5%
Program sales and third party productions	97.3	87.6	11.0%
Total revenue	**1,281.0**	**1,259.5**	**1.7%**
Costs			
Depreciation and amortisation	21.5	22.1	-2.7%
Operating costs	1,009.8	945.7	6.8%
Total costs	**1,031.3**	**967.8**	**6.6%**
EBIT	**249.7**	**291.7**	**-14.4%**

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Total Audience

Seven is Australia's most-watched broadcast television platform, securing its 11th year of dominance. Key highlights for the year include:

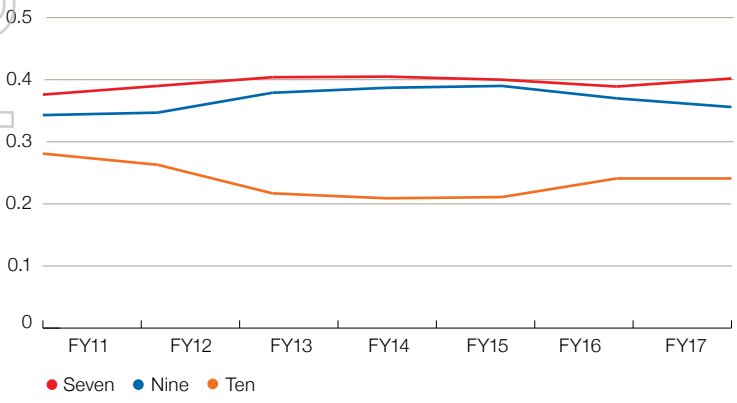
- Seven captured share from all of its peers, increasing audience share by 1.2 percentage points across the financial year, as well as increasing share excluding the Olympics by 0.5 percentage points.
- Seven won more weeks and more primetime nights than any other network. For the financial year, Seven won 33 of 39 weeks and every 2017 ratings week for the financial year, the longest undefeated winning streak since 2011.
- Plus7 is again the number 1 app within the entire commercial broadcast media category based on unique audience (Nielsen Digital Ratings Monthly, Unique Audience – Broadcast Media (App) June 2017).
- Seven holds the number 1 share of Long Form Digital Video Revenue (Live and On-Demand) at 45 per cent for FY17.

Entertainment Content

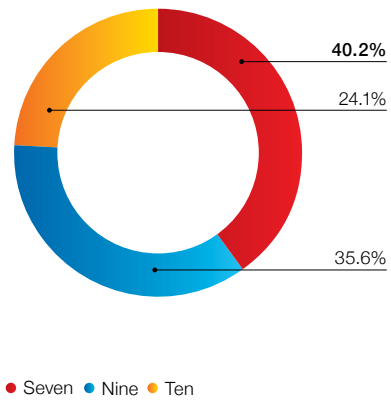
Seven is the largest producer of premium video content in Australia and continues to extend its capabilities in this area. Locally, Seven's leading reality formats My Kitchen Rules and House Rules continue to be a success with My Kitchen Rules in its eighth season and still the #1 reality format in the country as well as House Rules in its fifth season and growing average audience by 6 per cent YoY.

These successes also extend to the global market with 11 local versions of My Kitchen Rules having been produced, including in the US, UK, Canada, Belgium, Serbia, Norway, Denmark, Lithuania, New Zealand and recent commissions in South Africa. House Rules local formats have been commissioned in Germany and Netherlands where the format has been identified as a key channel brand. Border Security continues to have strong demand with the US version now sold globally including to Netflix in the US market.

FTA MARKET SHARE



METRO FREE-TO-AIR TV AD REVENUE MARKET SHARE



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New formats in the period including Zumbo's Just Desserts and Australia's Cheapest Weddings have seen strong demand internationally with sales in New Zealand, UK, Canada, as well as across Asia.

Production is underway for a new series of A Place To Call Home. 7 Wonder has over seven projects in funded development and five returning series. 7Beyond is building on the success of My Lottery Dream Home and has a developed scripted slate. Platform7, Seven Studios' digital content producer, has had a positive debut with strong market demand for its new short form digital formats.

In Australia, content originated and produced by Seven (including Seven JVs) this year will be seen on the following channels: BBC Knowledge, UKTV, Discovery Kids, Foxtel Movies, The Lifestyle Channel, Showcase, Boxsets, Style, Universal, E! and National Geographic.

Sport Content

The 2017 financial year marked another huge year for sport on Seven with the 2016 Rio Olympic Games, the highest rating Australian Open Men's Final in over a decade and the expansion of our AFL content with the highly successful Women's AFL, the WAFL, SANFL and VFL all bolstering our tier 1 AFL coverage.

Seven's coverage of the Rio Olympics Games reset the way Australians can watch live sport and also delivered the 3rd largest revenue result in history, only behind Sydney and Beijing, both in our time zones.

Live sport is a key pillar in Seven's content strategy and the Seven Network has the best sports line up through to 2020.

Seven is the largest producer of premium video content in Australia and continues to extend its capabilities in this area

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Key sports coverage includes:

- Australian Football League Premiership Season rights deal extending our coverage to 2022;
- Australian Open and the Summer of Tennis tournaments as well as the Wimbledon Championships;
- All major Australian horse racing events headlined by the Melbourne Cup; and
- racing.com, our joint venture with Racing Victoria has performed strongly and recently acquired the rights to broadcast world quality horse racing from Hong Kong adding even more coverage.

In addition, Seven has the rights to the Sydney-Hobart Yacht Race, the NFL including the Super Bowl, all major Australian golf tournaments, US Masters, FINA swimming events, Davis Cup and Federation Cup and the New South Wales Shute Shield in Rugby. Seven also has acquired the rights to the 2017 Rugby League World Cup to be held in Australia, New Zealand and Papua New Guinea.

Seven has all-encompassing rights for the Summer and Winter Olympic Games through to 2020 with an option to extend. Seven also has the rights to the 2018 Commonwealth Games to be held on the Gold Coast.

Major sports events provide not only the benefit of long term certainty on audience, but also allow the network to secure long term revenue commitments. These sports rights will also be critical to future growth in the coming financial year, providing major launch platforms for future products and programs.

Technology and Mobile

Seven is the leading media company in delivering Total Video content across multiple platforms. Seven's content is available to its viewers anytime, anywhere and on any device. Seven Network continued to demonstrate its dominance in delivering OTT video with acceleration of live streaming across major sporting events as well as its market-leading mobile catch up service. Seven continues to drive innovation and has firmly established its credentials in the digital space, successfully delivering a number of new market first initiatives expanding the availability of content to Australian audiences.

Seven has all-encompassing rights for the Summer and Winter Olympic Games through to 2020 with an option to extend

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Plus7, our catch up TV AVOD service, is a clear commercial leader in the industry dominating the top 10 daily catch up shows for the year (OzTam VPM ratings 2017). Seven will relaunch its catch up OTT service in Q4 of 2017 as a 100 per cent owned and operated platform, delivering the best in class content and customer experience available, underpinning new Seven's Total Video strategy.

Seven's content amassed a significant 1.8 billion streaming minutes over FY17 across Live and Catch-up, which was bolstered by the success of the Rio Olympics and Summer of 7Tennis 2017 which delivered 390 million minutes alone. Building on this success, Seven's coverage of the Rugby League World Cup later in 2017, as well as the Summer of 7Tennis 2018, the Winter Olympics and the Commonwealth Games, is expected to exceed the success of the past 12 months. This will be driven by Seven's continued investment in innovation and transformation to bring consumers the best in class OTT experience.

We are **number 1**

MOST WATCHED PROGRAM	Seven's AFL: Grand Final
DRAMA EVENT	Hoges
DRAMA	The Secret Daughter
INFOTAINMENT/LIFESTYLE	Better Homes & Gardens
NEWS	Seven News Sunday
REALITY REGULAR PROGRAM	My Kitchen Rules
SPORT – SUMMER	AFL Grand Final
SPORT – WINTER	Australian Tennis Open
BREAKFAST TV	Sunrise
MORNING TV	The Morning Show

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PERFORMANCE OF THE BUSINESS

The West

We are building on our deep connection with the people of Western Australia with the integration of The West, The Sunday Times and Seven and the delivery of our content across any device.

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The last twelve months has seen some of the most significant changes in The West's history, with the acquisition and successful integration of The Sunday Times and PerthNow in November 2016, followed by the relaunch of The West Australian website and new native app.

In publishing, The West Australian (Monday – Friday average) has the highest daily market penetration of the major metro dailies (29.4 per cent) with 589,000 readers daily, while The Weekend West has 569,000 readers (emmaTM conducted by Ipsos MediaCT, people 14+ for the 12 months ending March 2017) and a market reach of 28.4 per cent, the second highest reach among Australia's major Saturday mastheads. Monday to Sunday, The West Australian/The Sunday Times reach 1 million+ (net) readers with a 53 per cent reach, the highest market reach of any Monday-Sunday metro print offering.

Seven Days, West Weekend Magazine and STM are among Australia's best performing newspaper-inserted magazines. Seven Days is the best-read magazine in Western Australia (followed by West Weekend magazine and STM) compared to all paid mass circulating or newspaper inserted magazines.

The West relaunched the West Australian website on December 12, 2016 in a critical milestone of the company's digital strategy. This, combined with the acquisition of PerthNow, has resulted in 53 per cent YoY increase in digital audience to 1.2 million per month (Nielsen DRM, June 2017). The West digital revenue also increased by 65 per cent YoY and continues to scale rapidly. A number of new digital initiatives have been completed, including the launch of the iOS and Android mobile application for The West Australian in May 2017. The West's focus on Short Form Video is helping to drive SWM's Total Video strategy delivering over 418 million video views in FY17, including a 100 per cent increase in streams on owned and operated platforms. The relaunch of the PerthNow platform in Q4 of 2017 continues The West mobile first digital roadmap.

FINANCIAL PERFORMANCE: THE WEST

	FY17 $m	FY16 $m	Change %
Revenue			
Advertising	127.8	144.6	-11.9%
Circulation	59.4	55.9	6.3%
Other	30.3	28.0	8.2%
Total revenue	**217.5**	**228.5**	**-4.8%**
Costs			
Depreciation and amortisation	20.6	21.3	-3.3%
Operating costs	170.9	168.0	1.7%
Total costs	**191.5**	**189.3**	**1.2%**
EBIT	**26.0**	**39.2**	**-33.6%**

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The West revenue declined 4.8 per cent to $217.5 million while EBIT fell 33.6 per cent to $26.0 million. Cost management remains an ongoing focus for the business with all processes under review to achieve greater efficiencies. Following the acquisition of The Sunday Times, total costs increased 1.2 per cent in the period. Excluding the additional cost impact of The Sunday Times, operating costs have decreased 4.5 per cent during the financial year. The impact of the acquisition of The Sunday Times and PerthNow had a positive contribution to EBIT in its first seven months of operation. The business delivered an EBITDA margin of 21.5 per cent achieved during the financial year.

Significant management change took place during the period; including the recent appointment of a new CEO and Director of operations, as well as a restructure of the sales team. These new changes put the company in a stronger position to execute on its strategy.

The West continues to drive additional readership through circulation promotion initiatives that focus on increasing home delivery and school news education programs.

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PERFORMANCE OF THE BUSINESS

Pacific

Pacific now has in place the architecture for its future as the home of many of Australia's best-known media consumer brands that connect and engage with our audiences across any device.

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Pacific has continued to invest in the transformation of its business, while also making significant moves in the period to meet the challenges confronting traditional media.

The company not only cemented its position as Australia's best-performing magazine business but also became the country's fastest-growing digital publisher. Pacific's strategic repositioning of the brand portfolio in H1 led to the closure, sale or transition to digital-only delivery of marginal brands. Pacific delivered on its cost-out program while also investing in new platforms, audiences and diversified revenue streams to position for the future.

Pacific remains the best performing magazine publisher with 27 per cent share of all magazine agency revenues despite holding just 2 per cent of measured titles. Now focused solely on the most valuable consumer and client categories of Food, Fashion & Beauty, Homes and Health. Pacific's strategy of optimising the efficiency of its core publishing to accelerate growth in its digital operations has allowed the business to deliver a January to June EBITDA increase.

Advertising trends in the print market have remained challenging with Pacific's advertising revenue down 28 per cent on the prior year and also impacted by the closure of several titles in the period. On a like for like basis advertising revenue would have declined 23.4 per cent while circulation revenue declines would have been 7.8 per cent.

The business is growing revenue contributions from digital advertising, social media, e-commerce, content marketing and digital video, up 91 per cent YoY, which now represents 20 per cent of total advertising revenue in FY17. This has translated to digital advertising revenue share, with Pacific taking 30 per cent of all agency digital dollars in the magazine category, just over a year after assuming control of its digital assets (Standard Media Index, May 2017).

Pacific's cost-out programs reduced operating expenses by $28.9 million YoY (15.2 per cent), addressing in part the structural declines impacting the print industry. Investment in new, more efficient publishing systems, process improvement and the renegotiation of key supplier contracts means the business can deliver more premium content across an increasing number of platforms at a much lower cost. EBIT in the period reduced to $3.5 million.

FINANCIAL PERFORMANCE: PACIFIC

	FY17 $m	FY16 $m	Change %
Revenue			
Advertising	40.7	56.5	-28.0%
Circulation	110.5	131.4	-15.9%
Other	16.8	13.3	26.3%
Total revenue	**168.0**	**201.2**	**-16.5%**
Costs			
Depreciation and amortisation	2.7	1.5	86.0%
Operating costs	161.8	190.7	-15.2%
Total costs	**164.5**	**192.2**	**-14.4%**
EBIT	**3.5**	**9.0**	**-61.5%**

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Audience

Pacific's total print audience returned to growth PoP with a 3.5 per cent increase in the final measured quarter of the FY (emmaTM, 12 months ending March 17, all people 14+). Pacific maintains the strongest portfolio of print titles in the country, taking 27 per cent of all readership with only 11 per cent of titles – the highest share per title of any publisher. Better Homes & Gardens remains Australia's most-read magazine. Pacific also produces two of the three highest-reaching weekly magazines in New Idea and That's Life!, and three of the five highest-reaching titles in the country.

Pacific has also grown its online Unique Audience (UA) more than threefold (+188 per cent YoY), making it Australia's fastest-growing digital publisher. Pacific's monthly UA is 1.733 million (Nielsen DRM, June 2017), while its Average Daily Unique Browsers have also increased by 74 per cent YoY to 292,118 (Nielsen Market Intelligence, ADUBs June 1-30 2017). In both online metrics, Pacific has overtaken both direct and broader industry competitors, little more than a year after regaining control of its digital publications and bringing editorial control for the digital elements of its brands back in house. The Pacific brands now reach a combined audience footprint of approximately 23.8 million consumers per month via print, digital and social platforms – an increase of 20 per cent YoY. The business also now has 3 of the 20 most engaged Facebook pages in the country, along with 7 of the top 10 in the news and magazine category (The Online Circle Report, January 1 – March 31 2017).

The rapid growth of Pacific's digital audiences has been followed by the rise in digital advertising revenue, which has increased 91 per cent YoY.

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KOCHIE'S 4 WEEK MONEY MAKEOVER

PERFORMANCE OF THE BUSINESS

Other Business and New Ventures

We are creating new opportunities to enhance shareholder value and create deeper connections with our audiences.

DRAFTSTARS

startsat60.

MEDIA BEACH

HealthEngine .com.au

nabo

SocietyOne

Airtasker

NEWZULU

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Other Business and New Ventures assets include:

- equity accounted investments in associates including Yahoo7;
- regional radio licences in Western Australia as well as West Events and TriEvents; and
- Red Events in FY16 included the very successful Royal Edinburgh Military Tattoo.

Yahoo7

While conditions in traditional display advertising have continued to soften further in H2 of FY17, Yahoo7 continued to progress on its MAVENS strategy, which now represents over 60 per cent of the advertising revenue for the business. MAVENS encompasses mobile, video, native and social, which are all strong growth areas of the business. Video views including short and long form increased 33 per cent to over 275 million streams. After factoring in the impact of display, total net revenue declined 16 per cent in the period. Management's ongoing focus on cost control reduced operating costs 5.4 per cent YoY. Softer revenue and cost out, resulted in EBIT of $15.4 million down 41.4 per cent for the financial year.

With the completion of the Yahoo Inc sale to Verizon/AOL in June 2017, Seven West Media management have been working closely with the new joint venture shareholder, Oath, surrounding the future strategy of the joint venture.

New Ventures

Seven West Media holds a number of investments in early stage businesses where it can use the power of its assets to help grow. The portfolio has delivered strong growth in value over the last twelve months driven by follow on investment rounds at higher valuations. Investments in this portfolio include Airtasker, Health Engine, SocietyOne, Starts at 60, Draftstars, Nabo, Newzulu, Money Makeover and Media Beach.

FINANCIAL PERFORMANCE: OTHER BUSINESS AND NEW VENTURES

	FY17 $m	FY16 $m	Change %
Revenue			
Radio	9.4	9.2	2.2%
Yahoo7 share of NPAT	5.3	8.8	-39.8%
Early stage investments share of loss	(7.0)	(23.9)	70.7%
Red Events	0.8	24.2	N/A
Other	4.4	6.3	-30.2%
Total revenue	**12.9**	**24.6**	**-47.5%**
Costs			
Depreciation and amortisation	0.4	0.5	-15.3%
Red Events	0.9	18.9	-95.3%
Operating costs	13.0	10.8	20.4%
Total costs	**14.3**	**30.2**	**-52.6%**
EBIT	**(1.4)**	**(5.6)**	**75.5%**

Our future is on every screen

We are looking forward to the coming twelve months. We are transforming our businesses. We are creating new businesses. Much has been done. More is to come.

Our future will be determined by great content that engages our audiences. They are seeking our content.

Driving our future is the power of our ideas and our content. We are the company of the best-performing media businesses in Australia. Our future is already here. It is seeing us build on those strengths to create new opportunities that build on our deep connection with our audiences. And that will be across every screen and every device.

BY
e claire

AFL
TOYOTA
PREMIERSHIP 2017

Who

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Beyond our business

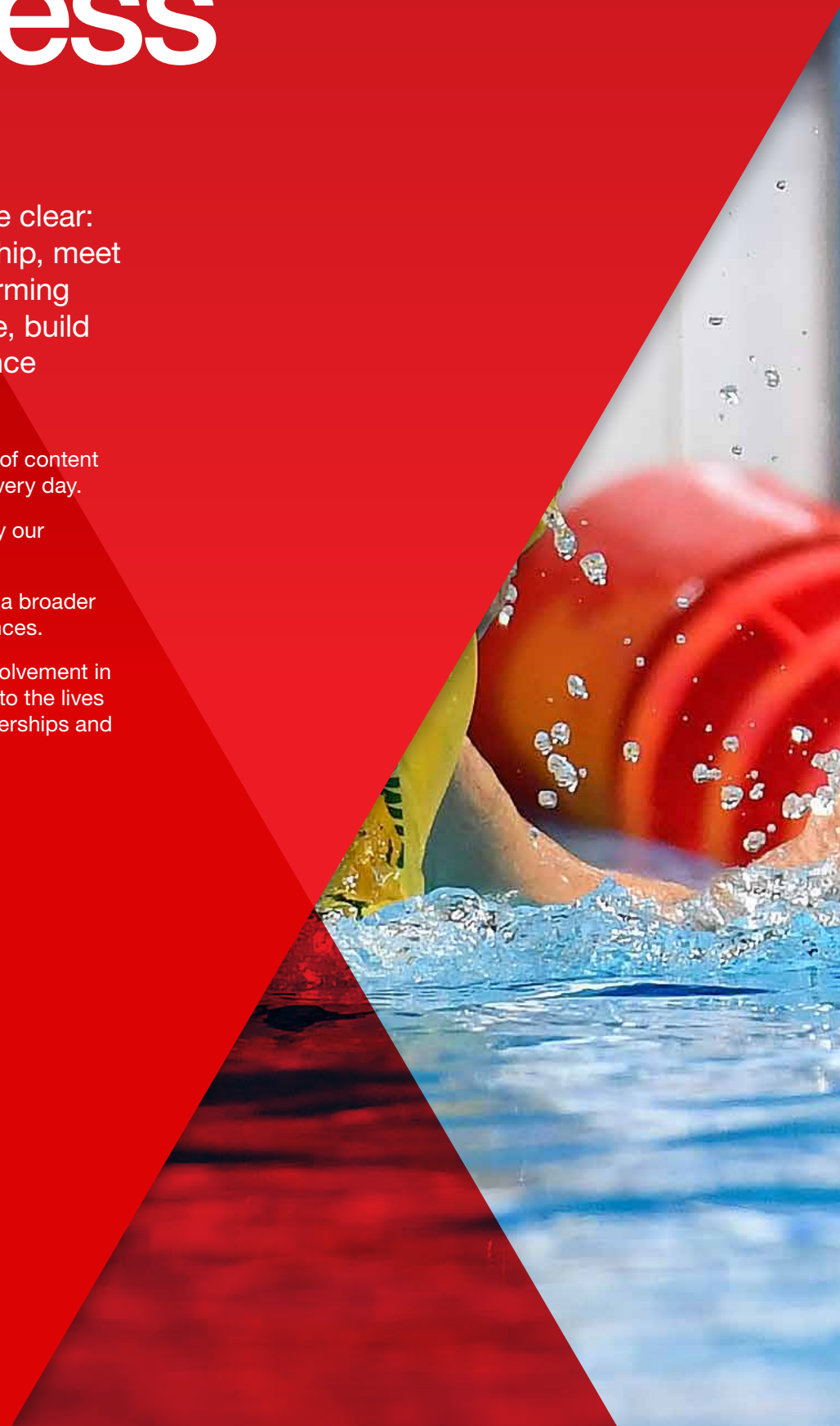
Our business objectives are clear: drive home market leadership, meet the challenges of a transforming communications landscape, build new businesses and enhance shareholder wealth.

How we do that through the creation of content relevant to our audiences drives us every day.

Our success in business is defined by our connections with audiences.

But beyond these key imperatives, is a broader underlying commitment to our audiences.

We commit ourselves to an active involvement in all aspects of life. It is a commitment to the lives of all Australians through major partnerships and undertakings in the community.



Emma McKeon, Australia's most successful swimmer at the Rio Olympic Games and this year's World Swimming Championships. We will follow her campaign at the Commonwealth Games on the Gold Coast.

CREDIT SWIMMING AUSTRALIA LTD.

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Risk, Environment, People and Social Responsibility

Risk Management

Seven West Media maintains sound risk management systems in order to protect and enhance shareholder value. The Board acknowledges that the management of business risk is an integral part of the company's operations and that a sound risk management framework not only helps to protect established value, it can also assist in identifying and capitalising on opportunities to create value. The table below sets out the key risks (in no particular order) which could impact achievement of the Company's strategic objectives. These risks are actively monitored under our risk management framework and there are processes in place to manage each of them, to the extent possible. For more information on the Company's risk management framework refer to pages 63 to 64 of the Corporate Governance Statement of this Annual Report.

Risk Management Framework

STRATEGIC

- Structural change
- Media consolidation and competition
- Competition for key program rights
- Strategy execution

OPERATIONAL

- Health and safety
- Talent attraction and retention
- Business interruption
- Technology project delivery

FINANCIAL

- Advertising market conditions
- Broader economic conditions
- Asset impairment

LEGAL & REGULATORY

- Regulatory change
- Compliance with legislation

Environment

Sustainability

Seven West Media monitors and measures the effectiveness of sustainable business practices across our businesses and sets internal targets to measure the impact of the inputs and outputs of our business activities on the communities and natural systems in which we operate. These include:

- The Group's magazine and newspaper businesses have internal controls in place to ensure that the paper we use is from sustainable sources and not from illegally logged timber.
- Pacific purchases all virgin fibre paper as PEFC C-o-C or FFC certified which assures that forests are managed in accordance with stringent environmental, social and economic requirements.
- 94.5 per cent of newsprint used by our newspaper businesses comes from recycled consumer product and the remaining 5.5 per cent is sourced from certified plantation forests.
- A revised printed waste measure was introduced for this year for the newspaper printing process which saw a result of 3.15 per cent during the year against an annual target of 3.25 per cent and all waste was recycled.
- In our press, waste ink is collected and reprocessed, aluminium plates used during the printing process are recycled and plant waste water is processed and used for reticulation on site. General co-mingled recycling bins have been introduced throughout the West Australian Newspapers facility at Osborne Park.
- Greenhouse gas emission reporting is completed by 31 October each year for the prior Financial Year. For Financial Year 2016:
  - Seven West Media recorded a reduction in greenhouse gas emissions (Scope 1) by 8 per cent between FY15 and FY16 mainly through a further reduction in company vehicles.
  - Seven West Media has reduced other greenhouse gas emissions (Scope 2) by 13 per cent between FY15 and FY16.
  - For the third consecutive year SWM has reduced greenhouse gas emissions (Scope 1 + 2) a total reduction of 13 per cent from FY14 to FY16.

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- Seven West Media is actively reviewing its property portfolio with the aim to consolidate and optimise usage of space. In FY17 Seven reduced its Media City, Eveleigh office floor space by 2,000m^2 by optimising space on other floors and returning the unused floor space to the landlord.
- Overall Net Energy (Consumed minus Produced) across our entire business has reduced by 11 per cent whilst maintaining the same operating conditions.
- Seven West Media donates or recycles 94 per cent of electronic IT assets through certified eCycling companies which reduces landfill by encouraging reuse and recycling of equipment. All three suppliers are certified to AS/NZS 5377:2013.

Community

Throughout the year, Seven voluntarily broadcasts free of charge community service announcements promoting sustainability and the environment for organisations such as Clean Up Australia, Cool Australia and Planet Ark. This support scheme involves resources throughout the business from administration and scheduling through to broadcast.

People

At Seven West Media, the commitment, passion and creativity of our people underpin who we are and what we do. Seven West Media understands that our people ensure our success and therefore promotes workplaces that are safe, flexible, inclusive and that foster creativity.

Seven West Media continues to operate its journalism cadet program in Television where cadets throughout the network across various locations are rotated through a two-year program including development of core journalism skills and knowledge.

Seven West Media supports and encourages employees to contribute to worthy causes through its Workplace Giving program. Whether it's helping find a cure for disease, saving the environment or supporting people in crisis, Seven West Media encourages employees to work together as a business to help make an impact.

Seven West Media also encourages its employees to make a difference through providing opportunities to participate in community fundraisers. An example of this has been the involvement with Steptember (Cerebral Palsy Alliance) where hundreds of employees participated in the challenge to take 10,000 steps a day for the month of September for the last three years and will do so again in 2017.

We have been recognised for achievements in people management through the 2015 Australian HR Awards where we were a finalist in two categories: Best Reward and Recognition Program and Best Change Management Program. Seven West Media was also recognised in the top fifteen most attractive employers in Australia in a survey conducted by a leading recruitment and HR service specialist company.

Safety and Security

At Seven West Media safety and security is firmly embedded in our culture, driven by our employees, and managed by a dedicated Risk, Safety and Security team. This team provides risk management, safety resources and security services to the business. It ensures compliance with all workplace safety legislations. It also delivers and evaluates Seven West Media's critical incident plans. The team prepares our employees for the challenges they face, with specialised training and well-being support. Further, it supports staff during overseas deployments wherever they might be, from war zone reporting in the Middle East to the 2016 Rio Olympics.

Diversity policy

The Board recognises the benefits of a workplace culture that is inclusive and respectful of diversity. The Board values diversity in relation to age, gender, cultural background and ethnicity and recognises the benefits it can bring to the organisation. To support the Company's culture, the Board has adopted a Diversity Policy that sets out the Board's commitment to working towards achieving an inclusive and respectful environment.

In accordance with the Diversity Policy, diversity within the Company is focused on age, gender and cultural background. Diversity initiatives are in four key areas, and the Board has set measurable objectives in relation to each:

- Career development and performance (CDP);
- Flexible work practices (FWP);
- Gender diversity (GD); and
- Talent and succession planning (TSP).

The Board has undertaken to review the Diversity Policy and to develop of the next phase of measurable objectives during FY18.

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Measurable objectives

Unless otherwise stated, for the purpose of this section of the report employee numbers and statistics have been calculated based on employees who were paid in the final pay periods of June 2017.

Initiatives that facilitate diversity and promote growth for the Company, and for all employees

Seven West Media has continued to offer flexible work practices, regardless of gender, that assist employees to balance work with family, carer or other responsibilities.

Changes have been made to leave policies to support greater flexibility and support for employees including domestic violence leave considerations and improved paid maternity leave provisions.

Updated training on Diversity and Equality, and particularly anti-bullying, harassment and discrimination, has been introduced.

Improvements in performance and development processes are enabling transparency and fairness through the development of a revised Performance and Development Program, focusing on goal setting against which to evaluate performance, as well as a mechanism for career planning mid-year.

Annual succession planning initiatives

Investment in building capability and frameworks in talent and succession planning has been undertaken.

A Talent Manager has been engaged to focus on recruiting Digital roles and expertise as part of business transformation. A framework has been introduced where all sales roles are assessed against critical sales and leadership capabilities necessary for success in the changing landscape using an assessment tool. The succession planning process for critical roles has been continued to identify potential successors and build associated development plans.

The Company has posted its Workplace Gender Equality Act Public Report for 2016–2017 on its website, which contains the Company's Gender Equality Indicators.

	Link to Diversity Policy			
Measurable objective	**CDP**	**FWP**	**GD**	**TSP**
Report on initiatives that facilitate diversity and promote growth for the Company, and for all employees	●	●	●	
Annual succession planning to consider diversity initiatives				●
Determine and report on employee turnover by age and gender and parental leave return rates			●	●
Determine and report on the proportion of women in the Company, in senior executive positions, and on the Board			●	

Proportion of women

Group	Number of women	Total number of employees/ officers	Proportion of women
In the Company	2487	5009	50%
Key Management Personnel executives (as set out in section 2d of the remuneration report)	2	7	29%
In senior executive positions	44	116	38%
On the Board	1	9	11%

"Senior executive positions" refer to senior management positions which are levels one and two below the Managing Director & Chief Executive Officer.

Employee turnover and parental leave return statistics

PROPORTION OF WOMEN IN THE COMPANY

(as a percentage of total number of employees/officers)

WOMEN 50%

MEN 50%

EMPLOYEE TURNOVER BY GENDER

(as a percentage of total men and as a percentage of total women)

WOMEN 24%

MEN 17%

EMPLOYEE TURNOVER BY AGE

(as a percentage of total turnover)

<25 YEARS 13%

25 – 34 YEARS 36%

35 – 44 YEARS 20%

45 – 54 YEARS 16%

> 55 YEARS 15%

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Social Responsibility

A part of Australian life

Our business is underpinned by the creation and delivery of content relevant to our audiences.

Beyond our objectives of building and transforming our businesses and increasing shareholder value is a broader, underlying commitment – one of engaging with our audiences beyond television, publishing and the delivery of our content to everyone. It is a commitment that underpins our businesses today and will define our business into the future: our business is a part of the lives of all Australians.

We commit ourselves to an active involvement in all aspects of Australian life. It is not a corporate objective. It is who we are. It is an involvement which sees our company taking a leading role in touching the lives of all Australians.

One of our most important partnerships is that with the Australian War Memorial. Seven West Media is honoured to be a partner with the Australian War Memorial in acknowledging those Australians who have served their country.

We are also a major partner of the National Library in Canberra and we are now in our 22nd year of our partnership with Art Exhibitions Australia which this year has brought to Melbourne a major exhibition on Van Gogh.

These same values that underpin these partnerships drive our commitment to Telethon in Perth which raised $26.2 million to support the medical and social wellbeing of children and young people, and to fund research into children's diseases, the Good Friday Appeal in Melbourne which raised $17.6 million to assist the Royal Children's Hospital in Melbourne.

In Sydney, we are a major supporter of the Children's Hospital at Westmead, Ronald McDonald House at Westmead, the NSW Schools Spectacular and the Sydney Swans in the AFL. We are a long-term partner of the Cancer Council NSW, Surf Lifesaving in Cronulla, Manly and Narrabeen, the City of Sydney and we commit ourselves to major events including the Seven Bridges Walk and the City to Surf. Seven in Sydney is also a partner of NSW Kids in Need and the Royal Agricultural Society, this year winning the gold award for best commercial exhibitor at the Sydney Royal Easter Show.

Our commitment to Melbourne extends beyond the Royal Children's Hospital Good Friday Appeal with a long-term partnership with the Shrine of Remembrance, the City of Melbourne, the Moomba Parade, the Royal Melbourne Show, the Melbourne International Flower and Garden Show, Very Special Kids and our partnership with the National Gallery of Victoria. We have also partnered with the Cure for MND Foundation through the highly successful Freeze at the G campaign, and with the EJ Whitten Foundation (Legends Game).

Telethon is one of our most important links to the community in Western Australia, a charity which has raised more than $230 million for child health research. 2017 marks Telethon's 50th year, a wonderful achievement. We maintain vibrant links to the people of WA through our many and varied events and partnerships, including the Christmas Pageant, Skyshow, WA Day, the Perth International Arts Festival, the West Australian Ballet, the West Australian Symphony Orchestra and support for the West Coast Eagles and the Fremantle Dockers in the AFL.

In Adelaide, Seven has partnered with major sporting and community organisations including the Adelaide Crows Football Club, Port Adelaide Football Club, Surf Life Saving SA and Tennis South Australia. Seven Adelaide supports the Royal Adelaide Show, Adelaide Cabaret Festival, OzAsia Festival, the Art Gallery of South Australia, the Adelaide Symphony Orchestra and the State Library and the two largest Fringe Festival venues. Seven Adelaide also supports The Flinders Medical Centre Foundation, The Advertiser Foundation, Little Heroes Foundation, Carols by Candlelight benefiting Novita Children's Services, St John Ambulance and the Royal Flying Doctor Service.

In addition, the Channel 7 Children's Research Foundation of South Australia Incorporated (CRF) was established in 1976 by Seven Adelaide. The Foundation has facilitated grants to child health researchers in SA and the NT totaling in excess of $24 million, with the purpose to encourage and advance investigation into the cause, prevention, diagnosis and treatment of any condition which may affect the health of children.

In Brisbane and across Queensland, we commit ourselves to major events including the Royal Queensland Show, the Gold Coast Suns and Brisbane Lions in the AFL, the Brisbane Racing Club in the Channel 7 Brisbane Racing Carnival and Ipswich Turf Club in the Channel 7 Ipswich Cup. Other significant community events include The Paniyiri Greek Festival, CitySmart Greenheart Fair, Queensland Sport Awards, Magic Millions and a variety of other community focused events.

For the past ten years, Pacific has held a partnership with Ronald McDonald House, a charity attached to major women's and children's hospitals which provides a home away from home for seriously ill children and their families. In 2017, New Idea continued its flagship national initiative 'We Care' in partnership with charity organisation Anglicare. The initiative aims to assist women across the country fleeing domestic violence crisis situations by providing emergency survival packs filled with everyday essentials. Pacific also has a leading reputation for honouring Australian women of achievement. The annual Women's Health I Support Women in Sport (WINS) is the only Awards event

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of its kind, honouring female sporting talent across ten categories – from a grassroots through to professional level. In 2017, Women's Health introduced a first-of-its-kind speed mentoring night for athletes whereby some of Australia's most regarded sporting identities (including: Liesel Jones, Bronte and Cate Campbell and Mark Beretta to name just a few) offered their valuable time and advice to up-and-coming sports stars across a variety of different sporting fields. Now in its ninth year, InStyle's Women of Style Awards also recognise women of achievement in ten broad categories from business, to charity, science, arts and entertainment.

Other community initiatives led by Pacific include Workplace Giving (whereby employees give small regular donations from their pre-tax pay) supporting a range of causes including Children and Youth, Health and Cancer, Overseas Aid and Human Rights, and an ongoing commitment to supply magazines to long term patients at Brisbane's Prince Charles Hospital. Pacific has held a position on the Environmental Advisory Group of The Newspaper Works since 2013 which endeavours to make a significant contribution to waste publication paper recovery, recycling and the environment.

All of these form part of an ongoing program of funding and the allocation of resources and the involvement of our people in connecting with and assisting our communities. Across our array of content creation and delivery platforms, our objective is to inform, educate, entertain and connect with our audiences. In reaching out to our communities, through an involvement in the staging of major events and the support of charitable and community groups, the same objective remains: to be a part of Australian life, to reflect our unique Australian character and to assist those who need our help.

Think TV

Seven West Media is a founding stakeholder of the independent industry research and marketing group, Think TV. Think TV leads a collective effort from television broadcasters across Seven Network, Nine Network, Network Ten and Multi Channel Network/Foxtel to demonstrate how television advertising in broadcast quality content environments remains profoundly effective and the clear leader among all media channels in terms of advertising impact and return on investment. Think TV is a marketing initiative of the Australian commercial television broadcasters focused on helping the advertising and marketing community get the best out of Multi-Platform TV, emphasising the measurable reach and quality of emotional engagement of the medium which is essential for building brands and connecting with target audiences.

Our recent awards

EMPLOYMENT AWARDS
Employer Brand Research – powered by Ranstad "Australia's 25 most attractive employers of 2017"

AACTA AWARDS
Best Leader Actor in a Televison Drama
Best Costume Design in Television
Best Children's Television Series

LOGIE AWARDS
Gold Logie, Best Actor. Best Drama Program.
Most Outstanding Sports Coverage

AUSTRALIAN DIRECTORS' GUILD
Best Direction in a TV or SVOD Mini Series

NEWS AWARDS
Los Angeles Press Club Southern California Journalism Awards. New York Festivals International TV & Film Awards. Kennedy Awards for Journalism in New South Wales. SA Media Awards. Quill Awards in Victoria

SPORTS AWARDS
Australian Sports Commission Media Awards for Paralympic Games coverage. Mumbrella Sports Marketing Awards

INTERNATIONAL AWARDS
Emmy Award for Beat Bugs

Board of **Directors**

Kerry Stokes AC

Chairman – Non-executive Director

Mr Stokes is the Executive Chairman of Seven Group Holdings Limited, a company with a market-leading presence in the resources services sector in Australia and north east China and a significant investment in energy and also in media in Australia through Seven West Media. Mr Stokes has held this position since April 2010. He is also Chairman of Australian Capital Equity Pty Limited, which has substantial interests in media and entertainment, resources, energy, property, pastoral and industrial activities.

Mr Stokes' board memberships include Council Member for the Paley Group (formerly the International Council for Museum & Television); Chairman and Fellow (since November 2015) for the Australian War Memorial (previously a Council Member); and a former Chairman of the National Gallery of Australia. Mr Stokes holds professional recognitions which include an Honorary Doctorate in Commerce at Edith Cowan University and an Honorary Fellow of Murdoch University.

Mr Stokes has, throughout his career, been the recipient of awards, including Life Membership of the Returned Services League of Australia; 1994 Paul Harris Rotary Fellow Award; 1994 Citizen of Western Australia for Industry & Commerce; 2002 Gold Medal award from the AIDC for Western Australian Director of the Year; 2007 Fiona Stanley Award for outstanding contribution to Child Health Research; 2009 Richard Pratt Business Arts Leadership Award from the Australian Business Arts Foundation; and 2011 Charles Court Inspiring Leadership Award; 2013 West Australian of the Year; 2014 Awarded Keys to the City of Perth and 2014 Awarded Keys to the City of Melbourne.

Mr Stokes was awarded Australia's highest honour, the Companion in the General Division in the Order of Australia (AC) in 2008 In 1995, he was recognised as Officer in the General Division of the Order of Australia (AO).

Mr Stokes was appointed to the Board on 25 September 2008, and became Chairman of Seven West Media Limited (formerly West Australian Newspaper Holdings Ltd) on 11 December 2008.

Tim Worner

Managing Director & Chief Executive Officer

Mr Worner is Managing Director & Chief Executive Officer of Seven West Media Limited. He is a Director of Yahoo7, racing.com and Free TV Australia.

He was a Director and Chairman of Australian News Channel, which operates Sky News, until 1 December 2016 when Seven sold out of the company.

Prior to his appointment as CEO of Seven West Media, Mr Worner was CEO, Broadcast Television, and prior to that Director of Programming and Production for the Seven Network.

As CEO of Seven West Media, Australia's leading listed national multi-platform media business, he continues to oversee the television business of the Seven Network (Seven, 7TWO, 7mate, 7flix and racing.com). In addition, he is also responsible for the company's publishing businesses WA Newspapers and Pacific.

The mastheads include The West Australian, The Sunday Times, PerthNow and thewest.com.au. Pacific Magazines is one of Australia's two biggest magazine publishing businesses with titles including Better Homes and Gardens, New Idea, WHO and marie claire.

Also part of Mr Worner's brief is developing Seven's increasing online and new media presence, including the company's plans to deliver its long term content on demand from November 2017.

In 2014 Mr Worner was awarded the MIPTV Médaille d'Honneur Award for his achievements in the television industry.

Mr Worner was appointed to the Board on 24 June 2015.

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John Alexander
Non-executive Director

Mr Alexander was the Executive Chairman of Consolidated Media Holdings Limited (CMH) from 2007 to November 2012, when CMH was acquired by News Corporation. Prior to 2007, Mr Alexander was the Chief Executive Officer and Managing Director of Publishing and Broadcasting Limited (PBL) from 2004, the Chief Executive of ACP Magazines Limited from 1999 and PBL's group media division comprising ACP Magazines Limited and the Nine Network from 2002. Before joining the PBL Group, Mr Alexander was the Editor-in-Chief, Publisher & Editor of The Sydney Morning Herald and Editor-in-Chief of The Australian Financial Review.

Mr Alexander has previously acted as a director of a number of media companies including Foxtel Management Pty Limited, Fox Sports Australia Pty Limited, SEEK Limited, Carsales.com Limited and Ninemsn Pty Limited. Mr Alexander is the Executive Chairman of listed company Crown Resorts Limited. He is also the Chairman of Crown Resorts Melbourne, Crown Resorts Perth and CrownBet.

Mr Alexander is Chairman of the Remuneration & Nomination Committee.

Mr Alexander was appointed to the Board on 2 May 2013.

Dr Michelle Deaker
Non-executive Director

Dr Deaker is the founder and Managing Partner of OneVentures, an Australian venture capital firm established in 2006. OneVentures invests in technology companies that serve or disrupt large high growth global markets. The firm has $320M in funds under management across three main funds and 8 co-investment funds.

Dr Deaker has extensive experience in the development of high growth technology companies, a strong background in Australian R&D and expertise in international business expansion. She is a former successful entrepreneur and business owner with over 20 years experience in information technology, enterprise businesses targeting finance, retail, media, security and education. She has served on the Boards of listed and unlisted companies across media and information technologies in Australia and North America.

The company Dr Deaker founded in 1999, E Com Industries (giftvouchers.com), became the leading prepaid card and electronic voucher provider in Australia, servicing over 100 major retail brands including Coles Myer and Woolworths, managing $700m in Australian retail liability and eventually expanding operations into the UK, South Africa and New Zealand. E Com was acquired by UK publicly listed company, Retail Decisions, in 2005. Prior to E Com, Dr Deaker was Managing Director of Networks Beyond 2000.

Dr Deaker is a former director of NICTA, Australia's National ICT Centre of Excellence (now Data61). Dr Deaker is also a member of the Investment Committee, manages the Supervisory Boards of OneVentures funds and is a Non-Executive Director of OneVentures portfolio companies, Smart Sparrow (educational technology), Incoming Media (mobile media technology) and Employment Hero Holdings (HR technology). She is a current mentor for the University of Sydney's Incubate program and also a past member of the AVCAL Venture Capital working group and the NSW Government's Taskforce for the Digital Economy.

Dr Deaker has over 11 years experience in research and development with leading Australian Universities and CSIRO. She holds a Bachelor of Science (First Class Honours) (University of Sydney), and with both Commonwealth and CSIRO Postgraduate Research Scholarships, was awarded a Masters of Science (University of Sydney) and a PhD in Applied Science (University of Canberra). While completing her PhD, Dr Deaker was the vice-chancellor's nominee and subsequently selected as a Queens Trust Future Perspectives national leader. Dr Deaker is a former member of the board of Ravenswood School for Girls, and the advisory board of Heads over Heels. Dr Deaker is a Member of Chief Executive Women and the Australian Institute of Company Directors.

Dr Deaker is a member of the Audit & Risk Committee and the Remuneration & Nomination Committee.

Dr Deaker was appointed to the Board on 21 August 2012.

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David Evans
Non-executive Director

Mr Evans is the Executive Chairman of the recently merged Evans Dixon Pty Ltd. Mr Evans established Evans and Partners Pty Ltd, the investment advisory company in June 2007.

Since 1990, he has worked in a variety of roles within JB Were & Son, and then the merged entity Goldman Sachs JBWere Pty Ltd. Prior to establishing Evans and Partners Mr Evans ran Goldman Sachs JBWere's Private Wealth business and the Institutional Equities business. His most recent role at GSJBW was as Managing Director and Chief of Staff.

Mr Evans is a member of the Victorian Police Corporate Advisory Group and Chairman of Cricket Australia's Investment Committee.

Mr Evans is Chairman of the Audit & Risk Committee and a member of the Remuneration & Nomination Committee.

Mr Evans was appointed to the Board on 21 August 2012.

Peter Gammell
Non-executive Director

Mr Gammell was the Deputy Chairman of Australian Capital Equity Pty Limited, the investment holding company associated with Mr Kerry Stokes AC, and was on the Board of Seven Group Holdings Limited from February 2010 until 28 June 2013 and was Managing Director and Group Chief Executive Officer from April 2010 until 28 June 2013.

Prior to the formation of Seven West Media Limited, Mr Gammell served as a Director of Seven Network Limited for 14 years. He was Chairman of the Seven Network Limited Finance Committee and was a member of the Audit Committee. He was the Chairman of Coates Hire, Australia's largest equipment hire company.

Mr Gammell is a former Director of Federal Capital Press Pty Ltd, the publisher of the Canberra Times (1989 to 1998) and is a former Director of the Community Newspaper Group (1996 to 1998). Between 10 September 2009 and 19 November 2012, Mr Gammell was a Director of Consolidated Media Holdings Limited.

Mr Gammell is a member of the Institute of Chartered Accountants of Scotland and holds a Bachelor of Science degree from the University of Edinburgh.

Mr Gammell is a member of the Audit & Risk Committee.

Mr Gammell was appointed to the Board on 25 September 2008.

The Hon. Jeffrey Kennett AC
Non-executive Director

Mr Kennett AC is the founding Chairman of beyondblue: the national depression initiative and was Chairman from 2000 until 30 June 2017. He is Chairman of The Torch, a program assisting incarcerated Indigenous men and women.

Mr Kennett was an Officer in the Royal Australian Regiment, serving at home and overseas. He was a Member of the Victorian Parliament for 23 years, and was Premier of the State from 1992 to 1999. Prior to that, he was Leader of the Opposition 1982–1989; 1991–1992.

Mr Kennett is currently a Director of EQT Holdings Limited, Chairman of Open Windows Australia Proprietary Limited, Chairman of CT Management Group Pty Ltd, Chairman of Amtek Corporation Pty Ltd and Chairman of LEDified Lighting Corporation Pty Ltd.

In 2005 Mr Kennett was awarded the Companion of the Order of Australia.

Mr Kennett is a member of the Remuneration & Nomination Committee.

Mr Kennett was appointed to the Board on 24 June 2015.

Michael Malone
Non-executive Director

Mr Malone founded iiNet Limited in 1993 and continued as CEO until retiring in 2014. During his tenure, iiNet grew to service one million households and businesses, with revenues of one billion dollars and a market cap of over one billion dollars.

Mr Malone has been recognised with a raft of industry accolades, including 2012 Australian Entrepreneur of the Year, CEO of the Year in the Australian Telecom Awards and National Customer Service CEO of the Year in the CSIA's Australian Service Excellence Awards.

He presently sits on the boards of NBN Co and ASX listed SpeedCast Limited, Dreamscape Networks Limited and Superloop Limited. Mr Malone is a founder of Diamond Cyber, an IT security firm in Perth.

Director Barristers Chambers Limited.

Mr Malone is a member of the Audit & Risk Committee.

Mr Malone was appointed to the Board on 24 June 2015.

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Ryan Stokes
Non-executive Director

Mr Stokes is Managing Director & Chief Executive Officer of Seven Group Holdings Limited (SGH). SGH currently owns approximately 41% of SWM.

Mr Stokes has been a Director of Seven West Media Limited (SWM) since 2012 and was an Executive Director and then Chairman of Pacific Magazines from 2004 to 2008 and a Director of Yahoo7 from 2005 to 2013.

As a Director of WesTrac Pty Limited, a subsidiary of SGH, Mr Stokes has extensive experience in China, having developed relationships with various mining and media companies over the past sixteen years. He is also a Director of Coates Hire. Mr Stokes was appointed to the Board of Beach Energy Limited on 20 July 2016.

Mr Stokes is Chief Executive Officer of Australian Capital Equity Pty Limited (ACE). ACE is a private company with its primary investment being an interest in SGH.

Mr Stokes is Chairman of the National Library of Australia. He is also a member of the Prime Ministerial Advisory Council on Veterans Mental Health established in 2014. In 2015, he became a Committee member of innovationXchange (within the Department of Foreign Affairs and Trade), which provides strategic guidance on innovation in aid programs. He is also a member of the IOC Olympic Education Commission.

Mr Stokes holds a BComm from Curtin University and is a Fellow of the Australian Institute of Management (FAIM).

Mr Stokes is a member of the Remuneration & Nomination Committee.

Mr Stokes was appointed to the Board on 21 August 2012.

Warren Coatsworth
Company Secretary

Mr Coatsworth has been Company Secretary of Seven West Media Limited since 24 April 2013.

Mr Coatsworth is a solicitor holding a current practising certificate with degrees in Arts and Law (Hons) from the University of Sydney. He holds a Masters of Law in Media and Technology Law from the University of New South Wales as well as a Graduate Diploma in Applied Corporate Governance. He is a qualified Chartered Company Secretary and a Fellow and member of the Governance Institute of Australia.

Mr Coatsworth has been Company Secretary of Seven Group Holdings Limited since April 2010 and Company Secretary of Seven Network Limited since July 2005. He has also held the position of Legal Counsel at the Seven Network for the past seventeen years, advising broadly across the company, and was formerly a solicitor at Clayton Utz.

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Corporate Governance Statement

For the year ended 24 June 2017

This statement outlines the Company's main corporate governance practices that were in place throughout the financial year, unless otherwise stated, and its compliance with the 3rd edition of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations ("ASX Recommendations").

The documents marked with an * below have been posted in the 'Corporate Governance' section on the Company's website at www.sevenwestmedia.com.au/about-us/corporate-governance. Those policies which are not separately available on the Company's website are summarised in this statement. A copy of this statement will be made available on the Company's website.

Principle 1 – Lay Solid Foundations for Management and Oversight

Role and responsibilities of the Board

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 Company and has adopted a Board Charter* setting out the role and responsibilities of the Board.

The Board Charter provides that the Board's role includes:

- representing and serving the interests of shareholders by overseeing, reviewing and appraising the Company's strategies, policies and performance in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution;
- contributing to, and approving, management's development of corporate strategy and performance objectives and monitoring management's performance and implementation of strategy and policies;
- reviewing and monitoring systems of risk management and internal control and ethical and legal compliance;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- developing a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership; and
- on an annual basis, reviewing the effectiveness of the Company's Diversity Policy.

The Board Charter provides that matters which are specifically reserved for the Board or its Committees include:

- appointment and removal of the Group Chief Executive Officer;
- approval of dividends;
- approval of annual budget;
- monitoring capital management and approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- the establishment of Board Committees, their membership and delegated authorities; and
- calling of meetings of shareholders.

Board Committees

The Board is assisted in carrying out its responsibilities by the Audit & Risk Committee and the Remuneration & Nomination Committee. These standing Committees were established by the Board to allow detailed consideration of complex issues.

Each Committee has its own written Charter*, which is reviewed on an annual basis and is available on the Company's website. Further details regarding the Audit & Risk Committee and the Remuneration & Nomination Committee are set out under "Principle 4 – Safeguard Integrity in Corporate Reporting" and "Principle 2 – Structure the Board to Add Value", respectively, in this Corporate Governance Statement.

The Directors' Report at page 67 sets out the number of Board and Committee meetings held during the 2017 financial year under the heading "Directors' Meetings", as well as the attendance of Directors at those meetings.

Delegation to Management

Subject to oversight by the Board and the exercise by the Board of functions which it is required to carry out under the Company's Constitution, Board Charter and the Corporations Act, it is the role of management to carry out functions that are expressly delegated to management by the Board, as well as those functions not specifically reserved to the Board, as it considers appropriate, including those functions and affairs which pertain to the day-to-day management of the operations and administration of the Company.

Management is responsible for implementing the policies and strategic objectives approved by the Board. Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. The Company has adopted a Delegated Authority Policy, which delegates to management the authority to carry out expenditure in relation to specified areas of the Company's operations,

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subject to the Company's policies and procedures in respect of the authorisation and signing of Company contracts, which includes a system of legal review.

The functions exercised by the Board and those delegated to management, as explained in this statement and set out in the Board Charter, are subject to ongoing review to ensure that the division of functions remains appropriate.

Employment of executives

Company executives are each employed under written employment agreements, which set out the terms of their employment, including role and duties, the person to whom they report, remuneration, obligations of confidentiality, and the circumstances in which the executive's employment may be terminated.

Appointment of Directors

The Board has established a Remuneration & Nomination Committee to assist in the appointment of new Directors.

Further information concerning this Committee is set out under "Principle 2 – Structure the Board to Add Value" in this statement. The Remuneration & Nomination Committee periodically review the composition of the Board to ensure that the Board has an appropriate mix of expertise and experience. This review includes considering the appointment of new Directors and the re-election of incumbent Directors to the Board. An output of this process is the Board skills matrix set out under "Principle 2 – Structure the Board to Add Value".

The policy and procedure for the selection and appointment of new Directors is set out in an Annexure to the Board Charter. The factors that will be considered when reviewing a potential candidate for Board appointment include:

- the skills, experience, expertise and personal qualities that will best complement Board effectiveness, including a deep understanding of the media industry, corporate management and operational, safety and financial matters;
- the existing composition of the Board, having regard to the factors outlined in the Company's Diversity Policy and the objective of achieving a Board comprising Directors from a diverse range of backgrounds;
- the capability of the candidate to devote the necessary time and commitment to the role (this involves a consideration of matters such as other board or executive appointments); and
- potential conflicts of interest and independence.

The Board believes the management of the Company benefits from, and it is in the interests of shareholders for Directors on the Board to have, a mix of tenures such that some Directors have served on the Board for a longer period and have a deeper understanding of the Company and its operations, and new Directors bring fresh ideas and perspectives.

As part of the selection and appointment process:

- the Board, and if so requested the Remuneration & Nomination Committee, identify potential Director candidates, with the assistance of external search organisations as appropriate;
- background information in relation to each potential candidate is provided to all Directors;
- appropriate background checks are undertaken before appointing a Director, or putting forward to shareholders a Director candidate for election;
- an invitation to be appointed as a Director is made by the Chairman after having consulted all Directors, with recommendations from the Remuneration & Nomination Committee (if any) having been circulated to all Directors.

Appointed Directors receive a formal letter of appointment which set out terms of their appointment, including remuneration entitlements and the Company's Corporate Governance Policies, including the Company's Share Trading Policy, which Directors are to abide by. Under the letter of appointment, Directors are also provided with a schedule of Board meetings, Deeds of Indemnity & Access and a summary of Director insurance arrangements.

Election and re-election of Directors

Directors appointed to fill casual vacancies hold office until the next Annual General Meeting and are then eligible for election by shareholders. In addition, each Director must stand for re-election at the third Annual General Meeting since they were last elected. Under the Company's Constitution, one-third of the Board (excluding the Managing Director and any Directors standing for election for the first time) must retire by rotation at each Annual General Meeting.

The Notice of Meeting for the Annual General Meeting discloses material information about Directors seeking election or re-election, including appropriate biographical details and qualifications, and other key current directorships.

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Company Secretary

The Company Secretary's role is to support the Board's effectiveness by:

- monitoring whether Company policies and procedures are followed;
- preparing Board and Committee minutes;
- advising the Board and Committees on governance matters; 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.

Board, Committee and Director performance evaluation

The Chairman closely monitors the performance and actions of the Board and its Committees. During the financial year Directors completed a Board Evaluation questionnaire concerning Board, Committee and Director, including Chairman, performance from which aggregated data and responses are provided to the Chairman and then presented to the Board for discussion and feedback. The Board Evaluation questionnaire provides an opportunity for the Board to benchmark results year-on-year and to identify Board performance priorities, governance framework gaps and improve the effectiveness of meetings and Company processes.

The aggregated questionnaire results also provide the basis of individual discussions between Directors and the Chairman. The 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.

Additionally, during the financial year, a report on the program of work undertaken by the Board and each of its Committees, assessed against their respective Charter responsibilities and duties, is provided to the Board for discussion and for the purposes of reviewing performance of the Board and the Committees, as well as their Charters, to ensure that the Board and its Committees operate effectively and efficiently.

During the reporting period, performance evaluations of the Board, its Committees and individual Directors were carried out in accordance with this process.

Assessment of management performance

The performance of the Managing Director & Chief Executive Officer is formally reviewed by the Board against the achievement of strategic and budgetary objectives in respect of the Group's operations and investments whilst also having regard for his personal performance in the leadership of the Group. The Board's review is carried out annually in regard to certain goals against which he is assessed, and throughout the year in regard to others, and forms the basis of the determination of the Managing Director & Chief Executive Officer's performance-linked remuneration. The Remuneration Report sets out further details of the performance criteria against which the Managing Director's & Chief Executive Officer's performance-linked remuneration is assessed on pages 70 to 77.

The performance of senior executives of the Company is reviewed on an annual basis in a formal and documented interview process with either the Managing Director & Chief Executive Officer or the particular executive's immediate superior. Performance is evaluated 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.

A performance evaluation of the Managing Director & Chief Executive Officer and other senior executives took place during the year in accordance with this process. For further information about the performance-related remuneration of senior executives and staff, please see the discussion set out under "Principle 8 – Remunerate Fairly and Responsibly".

Diversity policy

The Board recognises the benefits of a workplace culture that is inclusive and respectful of diversity. The Board values diversity in relation to age, gender, cultural background and ethnicity and recognises the benefits it can bring to the organisation. The Board has adopted a Diversity Policy* that sets out the Board's commitment to working towards achieving an inclusive and respectful environment. Please refer to pages 47 to 48 of this Annual Report for reporting on the Diversity Policy and the measurable objectives and initiatives relating thereto.

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Principle 2 – Structure the Board to Add Value

Board composition

The Company's Constitution provides for a minimum of three Directors and a maximum of twelve Directors on the Board. As at the date of this statement, the Board comprises nine Directors, including eight Non-Executive Directors and the Managing Director & Chief Executive Officer.

The Non-Independent Directors in office are:

Mr Kerry Stokes AC	Chairman
Mr Tim Worner	Managing Director & Chief Executive Officer
Mr Peter Gammell	Director
Mr Ryan Stokes	Director

The Independent Directors in office are:

Mr John Alexander	Director
Mr David Evans	Director
Dr Michelle Deaker	Director
Mr Jeffrey Kennett AC	Director
Mr Michael Malone	Director

Ms Sheila McGregor was a Director throughout the financial year until her resignation on 2 February 2017.

The qualifications, experience, expertise and period in office of each Director of the Company at the date of this Annual Report are disclosed in the Board of Directors section of this Annual Report on pages 51 to 54.

Board independence

The Board acknowledges the ASX Recommendation that a majority of the Board should be Independent Directors. The Board comprises a majority of Independent Directors, with four Non-Independent Directors and five Independent Directors. During the period of the financial year prior to Ms McGregor's resignation the Board comprised four Non-Independent Directors and six Independent Directors.

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, 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 of, or a material consultant to, the Company or another Group member, or an employee materially associated with the service provider;
- 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; or
- has a material contractual relationship with the Company or another group member other than as a Director.

The Board determines the materiality of a relationship on the basis of fees paid or monies received or paid to either a Director or an entity which falls within the independence criteria above. If an amount received or paid may impact the Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of the Group in the previous financial year by more than 5%, then a relationship will be considered material.

In the Board's view, the Independent Directors referred to 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, and the independence of Directors who have held office for some time is considered on a case-by-case basis.

Mr Kerry Stokes AC, Mr Peter Gammell and Mr Ryan Stokes are not regarded as independent within the framework of the independence guidelines set out above because of their positions, or in the case of Mr Gammell, former position, within Seven Group Holdings Limited, which is a major shareholder of Seven West Media Limited. Due to his position as Managing Director & Chief Executive Officer, Mr Tim Worner is not considered to be independent.

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Chairman

The roles of the Chairman and Chief Executive Officer are separate. Mr Kerry Stokes AC is the Chairman of the Company. The Board acknowledges the ASX Recommendation that the Chairman should be an Independent Director, however the Board has formed the view that Mr Stokes is the most appropriate person to lead the Board as its Chairman given his experience and skills, particularly with regard to his long term association with various media businesses of the Group. In addition, the Company has a clear and accepted conflict of interest protocol to manage the relationships between the Company and Seven Group Holdings.

Board skills, experience and expertise

Each Director brings a range of personal and professional experiences and expertise to the Board. The Board seeks to achieve an appropriate mix of skills, tenures and diversity, including a deep understanding of the media industry across multiple channels, as well as corporate management and operational, financial and safety matters. Directors devote significant time and resources to the discharge of their duties.

The Board has identified the following areas as strategic priorities for the Company to drive shareholder value:

1. Achieving leadership, growing audiences and maximising profit in the Company's core business areas of broadcast television, publishing and online, targeting leadership in total video through a focus on the Company's strengths in content creation as well as strategic partnerships and investments in content rights.
2. Transforming the business model by driving efficiencies and synergies. Maximising the value extracted from the investment in the production and ownership of exceptional content through exploitation across multiple delivery platforms. Develop deeper data capabilities and consumer insights into our audiences, available from multiple delivery platforms.
3. Identifying and investing in growth opportunities which leverage off our Company's brands and audiences and diversifying earnings through innovation, strategic investments and the creation of new businesses.
4. Prudent capital and balance sheet management to sustain future development of the Company.
5. Enhancing alignment of the Company's culture to drive innovation and change through technology and to continue to reduce the Company's cost base.

The Board has achieved a membership which has regard to the strategic aims and priorities of the Company, including the following skills and experience which are well-represented on the Board:

Skills and Experience	Percentage
Media industry leadership and senior executive and Board experience in television broadcasting, publishing and online businesses	89%
Banking, finance, asset and capital management	89%
Marketing, sales and product distribution and servicing	89%
Investment, mergers and acquisitions, venture capital and entrepreneurship	89%
Technology and telecommunications	79%

In addition to the particular skills and experience of the Board set out above, the Board's membership possesses a depth of general corporate, executive and Director experience which are appropriate for the Company, including the following:

Skills and Experience	Percentage
CEO and Board level experience	100%
Accounting and treasury	89%
Corporate governance and organisation management	100%
Legal, regulation and compliance	78%
Risk management and audit	100%
OHS, human resource management and remuneration	89%

The percentages of Directors assessed to possess each category of skill and/or experience was determined as at the date this Corporate Governance Statement was approved.

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Remuneration & Nomination Committee

The Board has established a Remuneration & Nomination Committee comprised of the following members, all of whom are Independent Directors except for Mr Ryan Stokes:

- Mr John Alexander (Chairman)
- Mr David Evans
- Dr Michelle Deaker
- Mr Jeffrey Kennett AC
- Mr Ryan Stokes

The Remuneration & Nomination Charter* provides that the Committee must consist of a minimum of three members and must have a majority of Independent Directors, all of whom must be Non-Executive Directors.

Attendance at Committee meetings by management is at the invitation of the Committee. Directors who are non-Committee members may attend any meeting of the Committee. The Committee may request that Directors who are non-Committee members are not present for all or any part of a meeting. It is the practice of the Committee for the Managing Director & Chief Executive Officer and Senior Group Executive, Human Resources to attend Committee meetings to present to, or to assist, the Committee.

The Chairman of the Committee reports to the Board on the Committee's considerations and recommendations.

Further details concerning the Remuneration & Nomination Committee's role in relation to Board appointments are set out in this Corporate Governance Statement under the heading "Principle 1 – Lay Solid Foundations for Management and Oversight", and under "Principle 8 –Remunerate Fairly and Responsibly" in relation to its role regarding the Company's remuneration arrangements.

Director induction and ongoing training

As part of the induction process, Board appointees attend a briefing with the Chairman, meet with the Company Secretary about the Company's corporate governance (including its policies and procedures), visit key business sites and meet with Company Executives. In addition to an induction process for new Director appointments, from time to time, Directors 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 Group's business activities, as well as industry and regulatory developments.

Effective functioning of the Board

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

Principle 3 – Act Ethically and Responsibly

Code of Conduct and other Company policies

The Board has adopted a Code of Conduct for Directors* which establishes guidelines for their conduct in matters such as ethical standards and the disclosure and management of conflicts of interests. The Code is based on a Code of Conduct developed by the Australian Institute of Company Directors.

The Company has adopted a Code of Conduct for Employees (internal policy) which provides a framework of ethical principles for conducting business and dealing with customers, employees and other stakeholders. The Code sets out the responsibilities of employees in regard to the Company's commitment to workplace safety and employees' fulfilment of their work duties and compliance with Company policies. The Code requires employees to maintain confidentiality of confidential Company information, avoid conflicts of interest, not misuse Company property or accept or offer inappropriate gifts.

The Board has implemented a number of other policies and procedures to maintain confidence in the Company's integrity and promote ethical behaviour and responsible decision making, including the following:

- Continuous disclosure policy*
- Share Trading policy*
- Group Editorial policy*
- Diversity policy*
- Issue Escalation policy (internal policy)

The Company's Issue Escalation policy encourages the reporting and investigation of unethical and unlawful practices and matters of concern which cannot otherwise be adequately dealt with under Company policies. The policy, which includes employee contacts as well as an external auditor contact service, is available on the Company's intranet site. 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.

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Trading in Company shares by Directors and Employees

The Company has adopted a Share Trading Policy* which establishes the governing principles for trading in Company shares by Directors and other Key Management Personnel. Directors and other Key Management Personnel may acquire shares in the Company within the guidelines set out in the policy. In addition to the policy, Directors are required to advise the Company Secretary of all transactions in the Company's shares.

Principle 4 – Safeguard Integrity in Corporate Reporting

Audit & Risk Committee

As at the date of this statement, the Committee comprised the following members, all of whom are Independent Directors except for Mr Peter Gammell and all of whom are non-executives:

- Mr David Evans (Chairman of the Committee)
- Dr Michelle Deaker
- Mr Peter Gammell
- Mr Michael Malone

Ms Sheila McGregor was a member of the Audit & Risk Committee throughout the financial year until her resignation on 2 February 2017.

The Audit & Risk Committee has adopted a formal Charter* which is available on the Company's website.

The Committee's key responsibilities in respect of its audit function are to assist the Board in fulfilling its responsibilities in relation to:

- the accounting and financial reporting practices of the Company and its subsidiaries;
- the consideration of matters relating to the financial controls and systems of the Company and its subsidiaries;
- the identification and management of financial risk; and
- the examination of any other matters referred to it by the Board.

The Audit & Risk 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.

Attendance at Committee meetings by management is at the invitation of the Committee. Directors who are non-Committee members may attend any meeting of the Committee. The Committee may request that Directors who are non-Committee members are not present for all or any part of a meeting. It is the practice of the Committee for the Managing Director & Chief Executive Officer, Chief Financial Officer and Head of Internal Audit to attend Committee meetings to present to, or to assist, the Committee.

The Chairman of the Committee reports to the Board on the Committee's considerations and recommendations.

The Audit & Risk Committee's key responsibilities in respect of its risk function are set out below under "Principle 7 – Recognise and Manage Risk".

External Audit function

It is the policy of the Audit & Risk Committee to meet periodically with the External Auditors without management being present.

Each reporting period, the External Auditor provides an independence declaration in relation to the audit. Additionally, the Audit & Risk 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). If a new auditor is to be appointed, the selection process involves a formal tender evaluated by the Audit & Risk Committee. The Chair of the Committee leads the process, in consultation with the Chief Financial Officer.

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The Board ensures 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.

Declarations by the Managing Director & Chief Executive Officer and Chief Financial Officer

Before the Board approves the financial statements for each of the half year and full year, it receives from the Managing Director & Chief Executive Officer and the Chief Financial Officer a written declaration that, in their opinion, the financial records of the Company have been properly maintained and the financial statements are prepared in accordance with the relevant accounting standards and present a true and fair view of the financial position and performance of the consolidated group. These declarations also confirm that these opinions have been formed on the basis of a sound system of risk management and internal compliance and control which is operating effectively.

The required declarations from the Managing Director & Chief Executive Officer and Chief Financial Officer have been given for the half year ended 24 December 2016 and the financial year ended 24 June 2017.

Principle 5 – Make Timely and Balanced Disclosure

The Company is committed to complying with the disclosure obligations of the Corporations Act and the Listing Rules of the ASX, and to ensuring accountability at a senior executive level for that compliance. To that end, the Company has adopted a Continuous Disclosure Policy*.

The Company also follows a program of half yearly and yearly disclosures to the market on financial and operational results and has established policies and procedures to ensure that a wide audience of investors has access to information given to ASX for market release. Media releases, half yearly and yearly financial reports and results presentations are lodged with ASX and upon confirmation of receipt by ASX, they are posted to the Company's website.

In order to protect against inadvertent disclosure of price sensitive information, the Company imposes communication 'blackout' periods for financial information between the end of financial reporting periods and the announcement of results to the market.

Principle 6 – Respect the Rights of Shareholders

Communications with shareholders

As disclosed in the Shareholder Communication Policy*, the Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs and that there is an effective two-way communication with its shareholders. The Company adopts a communications strategy that promotes effective communication with shareholders principally through ASX announcements, 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.

Shareholders are given the option to receive communications from, and to send communications to, the Company electronically, to the extent possible. The Board continues to review its channels of communications with shareholders for cost effectiveness and efficiencies, including using electronic delivery systems for shareholder communications where appropriate. The Company continues to implement campaigns to encourage shareholders to elect to receive all shareholder communications electronically to help reduce the impact on the environment and costs associated with printing and sending materials by post.

The Company's website

The Company's website www.sevenwestmedia.com.au provides various information about the Company, including:

- Overviews of the Company's operating businesses, divisions and structure;
- Biographical information for each Director;
- Copies of the following:
  - Board and Committee Charters;
  - Corporate Governance Policies;
  - Annual Reports and Financial Statements; and
  - Announcements to ASX;
  - Security price information;
  - Contact details for the Company's Share Registry;
  - Details concerning the date of the Annual General Meeting, including the Notice of Meeting, when available; and
  - Access to live webcasts of the Annual General Meeting.

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Principle 7 – Recognise And Manage Risk

Risk oversight and management

The Board recognises that the management of business and economic risk is an integral part of its operations and has established policies and procedures for the oversight and management of material business risks, including the establishment of the Audit & Risk Committee. Details regarding the Committee are set out under "Principle 4 – Safeguard Integrity in Corporate Reporting".

The Board also believes a sound risk management framework should be aimed at identifying and delivering improved business processes and procedures across the Group which are consistent with the Group's commercial objectives.

Under the Audit & Risk Committee's Charter*, the Committee's key responsibilities in respect of its risk function are to:

- Oversee, evaluate and make recommendations to the Board in relation to the adequacy and effectiveness of the risk management framework and the risk management systems and processes in place, and be assured and in a position to report to the Board that all material risks have been identified and appropriate policies and processes are in place to manage them.
- Review and approve management's annual report on the effectiveness of the risk management systems.
- Ongoing review of the Company's risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk, and report to the Board regarding any recommended changes to the Company's risk management framework.
- Review, and make recommendations to the Board in relation to, the Company's insurance program and other risk transfer arrangements having regard to the Company's business and the insurable risks associated with it, and be assured that appropriate coverage is in place.
- Monitor compliance with applicable laws and regulations, review the procedures the Company has in place to ensure compliance and be assured that material compliance risks have been identified.
- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding fraud or non-compliance with applicable laws and regulations and the confidential, anonymous submission by employees of the Company of any concerns regarding business practices.
- Review and make recommendations to the Board in relation to any incidents involving fraud or other breakdown of the Company's internal controls.

The Board requires management to design and implement a risk management and internal control system to manage the Company's material business risks and report to it on the management of those risks. During the reporting period, management reported to the Board as to the effectiveness of the Company's management of its material business risks.

During the 2017 financial year, the Committee conducted periodic as well as the annual review of the Company's risk management framework and satisfied itself that the framework continues to be sound and effectively identifies potential risks.

Risk Management Policy

The Board has adopted a Risk Management Policy consistent with Australian Standard ISO 31000:2009 and Principle 7 of the ASX Recommendations.

The group-wide risk profile covers the key strategic, operational, financial and compliance risks of the Company and is prepared by the Head of Risk Assurance & Internal Audit in consultation with key executives across the business. Throughout the year the Audit & Risk Committee reviews the group-wide risk profile and the success of the risk mitigation strategies in order to satisfy itself that management is operating within the risk appetite set by the Board. External advice is obtained as appropriate.

Internal Control Framework – Risk Assurance & Internal Audit

The Company has established a Risk Assurance & Internal Audit function to evaluate and improve the effectiveness of the Company's governance, risk management and internal control processes. Functional responsibility for Risk Assurance & Internal Audit resides with the Head of Risk Assurance & Internal Audit who reports to the Chairman of the Audit & Risk Committee and has access to the Company's records, information systems, properties and personnel in order to conduct its activities. The Audit & Risk Committee reviews and approves Risk Assurance & Internal Audit's plans and resourcing as well as monitors its independence, performance and management's responsiveness to its findings and recommendations.

During the year, the Head of Risk Assurance & Internal Audit presented detailed Internal Audits and Risk reviews to the Committee regarding the effectiveness of the Company's management of its material business risks, in accordance with the approved Risk Assurance & Internal Audit plan. Focus areas of the 2017 Risk Assurance & Internal Audit plan included controls over payment systems and enhancing the Company's anti-fraud program.

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Workplace Safety

The Company is committed to providing a safe workplace and maintains comprehensive workplace safety policies and systems which are overseen by health and safety specialists within the Company's human resources team and dedicated Risk, Safety and Security team. These polices are promulgated to staff through induction and training and the availability of information on the Company's intranet as well as through Occupational Health & Safety Committees and representatives at each business premises. Consultative workplace safety arrangements, ranging from formal quarterly health and safety committee meetings to other agreed arrangements, have been put in place at each key business premises. Procedures relating to security at the Company's business sites are prioritised and are subject to review and continuous improvement.

Management provides leadership by promoting a culture of safety and risk awareness and monitors and responds to incident reporting and provides regular workplace safety updates to the Board. Additionally, to support well-being within the workplace, the Company provides a free and confidential external counselling service for employees and their immediate families.

Environment

Environmental risks are considered as part of the Company's risk assessment processes. Environmental risks relating to the use and storage of any hazardous materials are identified and managed through regular inspections of business premises, reviews of compliance and emergency procedures, and advice from external consultants on environmental matters. For more information on the Company's environmental practices please refer to pages 46 to 47 of this Annual Report.

Financial reporting

The Company maintains a comprehensive budgeting system with an annual budget reviewed by the Audit & Risk Committee, which is then recommended to, and considered and approved by the Board. Weekly and monthly actual results are reported against budget and revised forecasts for the year are prepared regularly.

Special reports

The Company has identified a number of key areas which are subject to regular reporting to the Board or its Committees such as legal and health and safety matters as well as cyber security and payment systems reviews.

Material risks

Under the risk framework described above the Company has identified strategic, operational, financial, legal and regulatory risks which it manages and mitigates. Each of the foregoing material business risks is monitored and managed by appropriate Senior Management within the Company. Where appropriate, external advisers are engaged to assist in managing the risk. More detail concerning these risks is set out under the headings "Risk Management" and "Risk Management Framework" on page 46 of this Annual Report. The Company does not believe it has any material exposure to environmental or social sustainability risks. Commentary on the Company's environmental and human capital related initiatives as well as its community engagement is provided on pages 46 to 47 of this Annual Report.

Strategy

The Group continues to transform its strategic focus to respond rapidly to the challenges and opportunities in its marketplace. For more information on the Group's strategic pillars and revised strategic framework which underpin the Group's economic sustainability please refer to pages 8 to 12 of this Annual Report.

Principle 8 – Remunerate Fairly and Responsibly

Remuneration policy

The objective of the remuneration policy for employees is to ensure that remuneration packages properly reflect the duties and responsibilities of the employees and that remuneration is at an appropriate but competitive market rate which enables the Company to attract, retain and motivate people of the highest quality and with the best skills from the industries in which the Company operates.

Remuneration & Nomination Committee

To assist in the adoption of appropriate remuneration practices, the Board has established a Remuneration & Nomination Committee. Details regarding the Committee are set out under "Principle 2 – Structure the Board to Add Value".

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The primary responsibilities of the Committee which relate to remuneration are:

- to review and advise the Board on Directors' fees and the remuneration packages, including equity incentive grants, of the Managing Director & Chief Executive Officer, Chief Executives and senior executives of the Group subsidiaries;
- to provide advice and support and serve as a sounding-board for the Managing Director & Chief Executive Officer and Board in human resource and remuneration-related matters; and
- to advise on succession planning and employee development policies.

It is the practice for the Managing Director & Chief Executive Officer to attend meetings of the Remuneration & Nomination Committee to report on, or seek approval of, senior Group Management's remuneration, but he is not present during meetings of the Committee (or the Board) when his own performance or remuneration are being discussed or reviewed.

Remuneration of Directors and Senior Executives

The remuneration of the Non-Executive Directors is restricted, in aggregate, by the Constitution of the Company and the requirements of the ASX Listing Rules. Fees for Directors are set out in the Remuneration Report on pages 80 to 81. During the year, fees received by Non-Executive Directors were reviewed by Remuneration & Nomination Committee and, on the Committee's recommendation the Board determined that in view of the considerable time commitment and wide range of responsibilities that the Audit & Risk Committee Chair consistently fulfils, the Audit & Risk Committee Chair fee for FY17 be increased from $26,000 to $40,000. (Mr Evans did not participate in the Remuneration & Nomination Committee's and Board's review of the Audit & Risk Committee Chair fee). There has been no other change to the fees paid to Non-Executive Directors since their approval in 2011.

The Committee reviews remuneration packages and policies applicable to the Managing Director & Chief Executive Officer and senior executives. This includes share schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefit policies and insurance policies. External advice is sought directly by the Committee, as appropriate. The Committee also directly obtains independent market information on the appropriateness of the level of fees payable to Non-Executive Directors and makes recommendations to the Board.

The Remuneration & Nomination Committee met after the end of the financial year to review and recommend to the Board performance-related remuneration for Key Management Personnel. This process is summarised in the Remuneration Report on pages 72 to 77. Further details of Directors' and executives' remuneration, superannuation and retirement payments are set out in the Remuneration Report. The Board's remuneration policy and a discussion of the differing structures of Non-Executive Directors and senior executives' remuneration are also discussed in the Remuneration Report throughout sections 1 to 5.

Hedging

It is the Company's policy that employees (including KMP) are prohibited from dealing in Seven West Media securities if the dealing is prohibited under the Corporations Act. Therefore, in accordance with this policy, all Key Management Personnel are prohibited from entering into arrangements in connection with Seven West Media securities which operate to limit the executives' economic risk under any equity-based incentive schemes.

This statement has been approved by the Board and is current as at 16 August 2017.

Directors' Report

For the year ended 24 June 2017

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The Directors present their report together with the consolidated financial statements of the Group consisting of Seven West Media Limited and the entities it controlled at the end of, or during, the year ended 24 June 2017 and the auditor's report thereon.

Board

The following persons were Board members of Seven West Media Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

KM Stokes AC – Chairman
TG Worner – Managing Director & Chief Executive Officer
JH Alexander
Dr ME Deaker
D Evans
PJT Gammell
JG Kennett AC
M Malone
RK Stokes
SC McGregor (resigned 2 February 2017)

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

WW Coatsworth is the Company Secretary. Particulars of Mr Coatsworth's qualifications and experience are set out in this Annual Report under the heading "Company Secretary".

Principal activities

The principal activities of the Group during the financial year were free to air television broadcasting, newspaper and magazine publishing and online and radio broadcasting.

On 4 October 2016, it was announced that Foxtel would be acquiring the Company's interest in the Presto TV joint venture, a subscription video on demand service.

Other than the above, there were no significant changes in the nature of the Group's principal activities during the financial year.

Business strategies, prospects and likely developments

Information on the Company's operations and the results of those operations, financial position, business strategies and prospects for future financial years has been included in the "Performance of the Business" section. The Performance of the Business section also refers to likely developments in the Group's operations and the expected results of those operations in future financial years.

Information in the Performance of the Business section is provided to enable shareholders to make an informed assessment about the operations, financial position, business strategies and prospects for future financial years of the Group.

Significant changes in the state of affairs

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

- On 29 September 2016, the Company announced the cessation of an on-market buy-back of up to 99.9 million of the Company's shares, representing approximately 6.6% of the Company's ordinary shares. 5.4 million ordinary shares were bought back over the term of the buy-back at a cost of AUD $3.8million. No subsequent buy-back was announced.
- On 7 November 2016, the Company announced that it had signed a purchase contract to acquire The Sunday Times newspaper and the online site Perth Now from News Corporation. The acquisition was approved by the ACCC in September 2016. The first issue of The Sunday Times under Seven West Media ownership was on 20 November 2016.

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

Matters subsequent to the end of the financial year

There are no matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect:

a. the Group's operations in future financial years; or
b. the results of those operations in future financial years; or
c. the Group's state of affairs in future financial years.

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Meetings of directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 24 June 2017, and the numbers of meetings attended by each Director were:

	Meetings of Directors		Audit and Risk		Remuneration and Nomination	
Directors	**a**	**b**	**a**	**b**	**a**	**b**
KM Stokes AC	14	14	4	4	2	2
T Worner#	8	8	8	8	5	5
JH Alexander	14	14	2	2	8	8
Dr ME Deaker	14	14	8	8	8	8
D Evans	14	13	8	7	8	8
PJT Gammell	14	14	8	8	1	1
JG Kennett AC	14	13	6	6	8	8
M Malone	14	12	8	7	–	–
RK Stokes	14	14	7	7	8	8
SC McGregor^	10	10	4	4	1	1

a. Number of meetings held during the year while the person was a Director.

b. Number of meetings attended. Please note Directors may attend meetings of Committees of which they are not a formal member, and in these instances, their attendance is also included above.

\# Not required to attend meetings held for Non-executive Directors only.

^ Resigned as a Director on 2 February 2017.

Performance rights and options

During the financial year, there were not any rights issued over an equivalent number of unissued fully paid ordinary shares in the Company.

At the date of this report, the following rights to acquire an equivalent number of ordinary shares in the Company under the various employee equity schemes are outstanding:

Share Plan	Rights on Issue	Expiry Date
Seven West Media Equity Incentive Plan (2015 LTI)	1,328,845	1 September 2017
Seven West Media Equity Incentive Plan (2016 LTI)	3,473,305	1 September 2018

Rights were granted for nil consideration. None of the rights currently on issue entitle the holder to participate in any share issue.

During the financial year, no rights vested and 2,334,152 rights lapsed.

There are no other unissued shares or interests under options as at the date of this report.

For names of the Directors and Key Management Personnel who currently hold rights through these schemes, refer to the Remuneration Report.

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Dividends – Seven West Media Limited

Dividends paid to members during the financial year were as follows:

	2017 $'000	2016 $'000
Final ordinary dividend for the year ended 25 June 2016 of 4 cents (2015 – 4 cents) per share paid on 7 October 2016	60,283	60,529
Interim ordinary dividend for the year ended 24 June 2017 of 2 cents (2016 – 4 cents) per share paid on 13 April 2017	30,161	60,321
	90,444	120,850

In addition to the above dividends, since the end of the 2017 financial year the Directors have declared the payment of a final ordinary dividend of 2 cents per share, to be paid on 18 October 2017.

Environmental regulation

The Group's major production facilities do not require discharge licences under the *Environmental Protection Act 1986* and no formal reporting is required to either the Environmental Protection Authority or the National Pollutant Inventory.

Greenhouse gas and energy data reporting requirements

Seven West Media Limited continues to measure and monitor its Greenhouse Gas emissions under the *National Greenhouse and Energy Reporting Act (2007)*. The Company is actively working towards reduction of direct emissions from the consumption of fuels (Scope 1) and indirect emissions from electricity consumption (Scope 2) reportable under NGER, as well as Scope 3 voluntary emissions where possible and practical for the business units.

There are no other particular and significant environmental regulations for the Group.

Directors' interests in securities

The relevant interests of each Director in shares and rights issued by the Company, as notified by the Directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report are as follows:

	Performance Rights	Number of ordinary shares
Directors		
KM Stokes AC	–	619,753,734
T Worner	2,864,583	293,810
JH Alexander	–	55,768
Dr ME Deaker	–	26,161
D Evans	–	927,803
PJT Gammell	–	329,216
JG Kennett AC	–	75,000
M Malone	–	133,000
RK Stokes	–	240,466

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Remuneration report

A remuneration report is set out on the pages that follow (pages 70 to 86) and forms part of this Directors' Report.

Indemnity and insurance of directors and officers

The Constitution of the Company provides an indemnity to any current and former Director, Alternate Director and Secretary of the Company against any liabilities incurred by that person arising out of the discharge of duties as an officer of the Company or the conduct of the business of the Company, including associated legal costs defending any proceedings relating to that person's position with the Company, except where the liability arises out of conduct involving a lack of good faith.

As permitted by the Constitution of the Company, the Company has entered into deeds of access, insurance and indemnity with each Director as at the end of the financial year.

No amounts were paid and no actions were taken pursuant to these indemnities during the year.

During the financial year, the Company paid a premium in respect of a contract insuring all Directors and officers (including employees) of the Company and of related bodies corporate against certain liabilities specified in the contract. The contract prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of amounts paid or payable to the auditor, KPMG, for audit and non-audit services provided during the year are set out in note 7.1 to the financial statements. The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor 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 group and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor;
- the non-audit services provided do not undermine the general principles relating to auditor's 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 decision making capacity for the group, acting as an advocate of the group or jointly sharing the risks and rewards.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 87.

Rounding of amounts

The Company is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest one thousand dollars unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

KM Stokes AC
Chairman

Sydney
16 August 2017

Remuneration Report

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Message from the Remuneration & Nomination Committee

Dear Shareholder

Seven West Media is pleased to present its Remuneration Report for the 2017 financial year (FY17), which sets out remuneration information for Key Management Personnel and Non-Executive Directors.

This introductory section outlines the key developments for FY17 and proposed changes for FY18.

Changes to Key Management Personnel

Ms Katie McGrath commenced with the Company as Group Executive Human Resources on 7 June 2017.

Mr Peter Zavecz, Chief Executive Officer, Pacific, resigned from the Company on 30 September 2016.

Mrs Melanie Allibon, Group Executive Human Resources, resigned from the Company on 16 December 2016.

Ms Sheila McGregor, Non-Executive Director, resigned from the Company on 2 February 2017.

Mr Christopher Wharton, Chief Executive Officer, SWM WA, retired from the Company on 30 April 2017.

Following the departure of some of the Key Management Personnel during FY17, the Company re-evaluated the roles considered to be Key Management Personnel. As a result of the review, the Company determined that the role of Chief Executive Officer, Pacific ceased to be Key Management Personnel on 30 September 2016 and the role of Chief Executive Officer, SWM WA ceased to be Key Management Personnel on 30 April 2017.

Remuneration Framework Review

During FY17, the Company commenced a review of its incentive framework. The review of the Short-Term Incentive (STI) and Long-Term Incentive (LTI) plans was undertaken on the basis that there are compelling opportunities for improvement including:

- Simplification of the STI and the LTI plans.
- Enhanced alignment between the executive and shareholder interests.
- Driving performance aligned to the updated business strategy.

Summarised below are the outcomes of the review for the STI plan and an update on the review for the LTI plan, which is ongoing.

Short-Term Incentive Plan

During FY17, the Company reviewed the STI plan with a view to simplifying the plan and further aligning executive remuneration outcomes with the performance of the Group. As a result of the review, a key change was made to the STI deferral component.

Under the previous plan, STI awards were delivered in cash and 50 per cent of the total award was deferred in share rights, but only where the STI award reached or exceeded the on-target amount. As STI awards have not reached or exceeded the on-target amount in recent years, deferred share rights have never been granted to eligible executives under the STI plan.

Applying from FY17 onwards, deferral into Company equity (in the form of restricted shares) will occur irrespective of whether the STI award reaches or exceeds the on-target amount. For executives that were entitled to a STI award for FY17, 50 per cent of the award will be deferred into restricted shares for a period of 12 months.

Long-Term Incentive Plan

During FY17, the Company commenced a review of the LTI plan. The key objective of the review was to ensure the LTI plan performance measures and targets were aligned to the updated business strategy, and to therefore enhance alignment between executive and shareholder interests.

The review is ongoing with a view to finalising the preferred LTI approach in early FY18. As a result, the Board decided not to make LTI grants to eligible executives in FY17, but will resume annual LTI grants once the review is complete. There is no intention to make any retrospective LTI grants or increase the quantum of any other remuneration component in FY17, or any future year, as a result of there being no FY17 LTI grant. The Board is of the view that executives have both sufficient remuneration quantum for FY17, as well as sufficient exposure to Company equity, particularly given the change to STI deferral for FY17, as outlined above.

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Full details of the revised LTI plan will be disclosed in the Company's 2017 Notice of Meeting for the purposes of obtaining shareholder approval for the Managing Director & Chief Executive Officer's FY18 LTI. Details will also be disclosed in the FY18 Remuneration Report.

Executive Remuneration Details for FY17

Details concerning FY17 executive remuneration arrangements and the performance-linked remuneration outcomes for FY17 are set out in this Remuneration Report. Full details of the STI and LTI plans are set out in section 1.a.ii of this Remuneration Report.

We are committed to a remuneration framework that is aligned to the Company's strategy, is performance-based and meets shareholders' requirements. We value your feedback as our remuneration strategies continue to evolve over the coming year.

Yours faithfully

Mr John Alexander
Remuneration & Nomination Committee Chairman

Remuneration Report – audited

Introduction

This report describes the remuneration arrangements for the key management personnel (KMP) of Seven West Media Limited; KMP being the executives (including executive directors) (hereafter referred to in this report as executives) and the Non-Executive Directors (NEDs) of Seven West Media Limited.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The Committee's role is described in the corporate governance statement in this annual report, and includes the following:

- To recommend to the Board the remuneration of NEDs, within the aggregate approved by shareholders;
- To recommend to the Board the remuneration and other conditions of service of the Managing Director & Chief Executive Officer (MD & CEO);
- To approve the remuneration and other conditions of service for senior executives reporting to the MD & CEO based on the recommendations of the MD & CEO;
- To design the executive incentive plans and approve payments or awards under such plans; and
- To establish the performance hurdles associated with the incentive plans.

This report is set out under the following main headings:

1. **Executive Remuneration**
   - a. Executive Remuneration Framework
     - i. Fixed Remuneration
     - ii. Variable Remuneration
       - Short-Term Incentive (STI) plan
       - Long-Term Incentive (LTI) plan
   - b. Link between Remuneration Policy and Group Performance
   - c. FY17 Executive Remuneration Outcomes
   - d. Total Remuneration Earned by Executives (non-statutory disclosures)
   - e. Executive Remuneration in Detail (statutory disclosures)
   - f. Service Agreements
2. **Non-Executive Director Remuneration**
   - a. Non-Executive Director Remuneration Framework
   - b. Non-Executive Remuneration in Detail
3. **Key Management Personnel Equity Transactions and Holdings**
   - a. Equity Incentive Plan Holdings
   - b. Equity Holdings and Transactions
   - c. Equity granted as remuneration affecting future periods
4. **Loans and Other Transactions with Key Management Personnel**
5. **Services from Remuneration Consultants**

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1. Executive Remuneration

a. Executive Remuneration Framework

Remuneration is determined by the Committee and, for the Managing Director & Chief Executive Officer, is recommended to the Board for their approval. Executive remuneration comprises both a fixed component and a variable (or "at risk") component which comprises separate STI and LTI elements. These components are explained in detail below.

The approach taken to remuneration is to ensure remuneration packages appropriately reflect executives' duties, responsibilities and performance against objectives, as well as ensuring that remuneration appropriately attracts and motivates people of the highest quality, having particular regard to the relative scarcity of suitably qualified executive talent in the Australian media and entertainment industry and the complexity of the Seven West Media business relative to its direct media peers.

The remuneration arrangements for the MD & CEO, Mr Tim Worner, have not changed since Mr Worner's commencement as Chief Executive Officer on 1 July 2013.

i. Fixed Remuneration

Fixed remuneration includes base pay and any ongoing employee benefits including motor vehicles as well as employer contributions to superannuation funds.

ii. Variable Remuneration

Variable remuneration comprises two elements:

- Short-Term Incentive (STI) – rewards the achievement of pre-determined, individual and Company KPIs over the 12-month performance period which are aligned to and supportive of the Company's annual objectives. STI awards are delivered in cash and restricted shares.
- Long Term Incentive (LTI) – rewards performance over the longer term and is designed to encourage sustained performance, drive long-term shareholder value creation and ensure alignment of executive remuneration outcomes to shareholder interests. LTI awards are delivered in the form of performance rights subject to Company performance hurdles and individual service conditions being met.

Short-Term Incentive Plan

The STI plan provides participants with the opportunity to earn an annual incentive, based on the achievement of Company and individual KPIs over the relevant 12-month performance period. To support an ownership culture and drive retention outcomes, 50 per cent of the STI award is deferred into restricted shares for 12 months (please refer to the 'STI deferral' section below).

STI Opportunity

Each executive's STI opportunity for on-target performance is 50 per cent of fixed remuneration. 'On-target' refers to the STI award opportunity for an executive who achieves successful performance against all KPIs and where 100 per cent of the Group's underlying EBIT target is achieved.

EBIT is defined as the Group's profit before significant items, net finance costs and tax.

50 per cent of STI awards are deferred into restricted share. Further details on the deferral into restricted shares are set out below.

STI Award

The size of the pool available for distribution as STI awards is based on the achievement of the Group's underlying EBIT target set by the Board at the start of the financial year and is based on the following table:

% of Group underlying EBIT Achieved	STI Award Pool Available (% of On-Target)
< 90	0%
90–94	25%
95–99	50%
100	100%

The Board retains discretion to not make an STI award available to executives where such payment is regarded to be inconsistent with the shareholder experience over the financial year, even if the gateway requirement is achieved.

Minimum Individual Performance Measure

In addition to the financial targets that must be achieved for an STI award to be available, achievement of a minimum individual performance rating is required for an executive to be eligible for an award under the STI plan.

Key performance indicators

Participants have individual KPIs set at both on-target and stretch levels of achievement. The executives' KPIs are approved by the Committee. The KPIs of the MD & CEO are approved by the Board.

Financial and non-financial measures are proportionally weighted to reflect the different focus for executives in driving the overall business strategy. Scorecard measures for participants are set out below.

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Participant	Scorecard measures and weightings
MD & CEO	Individual scorecard measures are grouped into two categories – quantitative and qualitative measures. Individual measures include: > Company net profit after tax (NPAT) performance, > Underlying EBITDA performance, > Communication and execution of business strategy, > Digital audience growth, > Content production and distribution growth, > Ratings performance for the television business in key demographics, > Relevant circulation performance and market share for the publishing businesses, > Safety performance, > Cost and efficiency targets Each individual measure is allocated a specific weighting such that the sum of the collective measures' weightings equals the relevant percentage of the participant's STI opportunity. For the MD & CEO, 80 per cent of his STI KPIs relate to quantitative measures.
Other Executives	Individual scorecard measures are grouped into two categories – quantitative and qualitative measures. Individual measures include: > Revenue and advertising share performance, > Performance against various budget measures, > Digital audience growth, > Content production and distribution growth, > Cost and efficiency targets, > Communication and execution of business strategy, > Safety performance Each individual measure is allocated a specific weighting such that the sum of the collective measures' weightings equals the relevant percentage of the participant's STI opportunity. For the other executives, between 40 and 80 per cent of their STI KPIs relate to quantitative measures.

Performance Measurement

The MD & CEO assesses each executive's performance at the end of the financial year relative to agreed business and individual targets. Based on this assessment, the MD & CEO makes a recommendation to the Committee for approval.

Based on each executive's individual performance rating, the MD & CEO may apply a discretionary adjustment during the performance assessment process. Discretionary adjustments are applicable to individual STI awards and are limited to a 25 per cent increase to the overall award for each individual, provided the total awarded remains within the incentive pool available based on the achievement of group underlying EBIT. The level of discretionary adjustment applied is based on the executive's individual performance rating and represents the maximum individual award opportunity for significant out-performance.

The Committee assesses the MD & CEO's performance and makes a recommendation to the Board for approval. The Committee may apply an additional discretionary adjustment based on the MD & CEO's individual performance rating that is limited to the same parameters as for other executives.

STI Deferral

To enhance long-term focus, 50 per cent of the total award is deferred into restricted shares. The shares allocated to each executive will generally be purchased on market such that the value of shares allocated is equal to the portion of the STI award being deferred into restricted shares. The number of restricted shares allocated to each executive will be determined by dividing the dollar amount of the STI award deferred into restricted shares by the average cost per share purchased on market (rounded down to the nearest whole number of shares). The deferred portion of STI is not subject to further performance conditions (other than continuous employment such that if the executive's employment is terminated they do not receive the portion of the unvested shares). The restricted shares vest after a period of 12 months. The restricted shares are held on trust on behalf of each executive and executives have entitlements to dividends and voting rights in relation to their restricted shares during the vesting period.

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Long-term incentive plan

The purpose of the LTI plan is to encourage sustained performance, drive long-term shareholder value creation and ensure alignment of executive remuneration outcomes to shareholder interests. LTI awards, which are structured as rights to acquire ordinary shares in the Company at no cost to the executive, will only deliver benefits to participants if certain earnings targets and shareholder returns are achieved and the executive remains employed by the Company over the three-year performance period.

Shares acquired on vesting of performance rights (to the extent the performance hurdles are achieved) are subject to a minimum 12-month disposal restriction.

Grants were made under the LTI plan in FY13, FY14, FY15 and FY16.

During FY17, the Committee conducted a review of the LTI plan to increase alignment to the updated business strategy and shareholder interests. The review has continued into FY18. As a result, an award to executives was not made under the LTI plan in FY17.

The review of the LTI plan is intended to be completed shortly. The revised LTI plan will apply to grants in FY18 and full details will be provided in the Company's 2017 Notice of Meeting in relation to the MD and CEO's FY18 LTI, as well as the FY18 Remuneration Report.

Seven West Media long-term incentive plan

What is granted?	The grant is made in the form of performance rights. The performance rights are granted at no cost and each right entitles the participant to one ordinary share in the Company, subject to the achievement of the performance hurdles and service conditions outlined below.
How many performance rights are granted?	The value of LTI granted is allocated annually and, for the MD & CEO is 50 per cent of the MD & CEO's fixed remuneration and for other executives is 25 per cent of the participant's fixed remuneration. The number of performance rights granted to each executive is equivalent to the face value of the LTI grant divided by an amount calculated based on the share price in accordance with the terms and conditions of the plan.
What is the performance hurdle?	The vesting of performance rights granted under the LTI plan is dependent on two independent performance measures, Diluted Earnings Per Share (DEPS) and relative Total Shareholder Return (TSR) measured against a comparator group.
Why was the DEPS performance hurdle chosen, and how is performance measured?	Half of the award is subject to a DEPS hurdle. DEPS provides a direct link between executive performance and shareholder wealth creation driven through the increase in diluted earnings per share. The DEPS target for each grant is the sum of three annual DEPS growth targets set by the Board over each of the three years of the performance period (i.e. for the FY16 grant, FY16, FY17 and FY18). The Board believes this is the most appropriate way to assess the Company's performance as it reflects the performance expectations for each coming year, taking into account external market conditions and projected outlook. The DEPS target is set and communicated to executives at the beginning of the financial year and disclosed retrospectively the following financial year. The Board believes that setting hurdles based on one-year projections (that are ultimately measured in aggregate) better align to the interests of shareholders than setting a three-year DEPS target at the beginning of each performance period that may become unrealistic or insufficiently challenging as external market conditions change. The threshold DEPS target for FY17 is the budget DEPS for that financial year and the stretch DEPS hurdle is 10% growth on actual DEPS in the 2016 financial year (adjusted for significant items). The actual annual DEPS targets and performance against each target are disclosed retrospectively (i.e. in the following financial year). Diluted EPS is calculated by dividing the underlying net profit or loss (for the reporting period) by the weighted average number of total ordinary shares in the Company plus the potential number of ordinary shares that may be on issue. DEPS is the figure for diluted earnings per share as reported in the relevant Annual Report. The Board has discretion to make such adjustments to this figure for abnormal or unusual profit items as it considers appropriate.

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Seven West Media long-term incentive plan

Why was the DEPS performance hurdle chosen, and how is performance measured? *(continued)*

The percentage of DEPS performance rights that vest (if any) at the end of the three-year performance period is based on the following schedule:

Aggregate DEPS over the three years	Proportion of DEPS performance rights that vest (%)
Less than the aggregate threshold DEPS	Nil
At the aggregate threshold DEPS	50%
Between the aggregate threshold DEPS and the aggregate stretch DEPS	Between 51% and 100%, increasing on a straight-line basis
Equal to or above the aggregate stretch DEPS	100%

FY17 Targets:

- Threshold (budget) DEPS was 10.01 cents (excluding significant items);
- Stretch DEPS was 15.11 cents (excluding significant items); and
- Actual DEPS for the year ending 24 June 2017 was 11.1 cents (excluding significant items).

Why was the TSR performance hurdle chosen, and how is performance measured?

The other half of the LTI award is subject to a relative-TSR hurdle. Relative TSR provides an indicator of shareholder value creation by comparing the Company's return to shareholders relative to other companies of similar size. TSR provides an external, market-based hurdle and creates the alignment of executive remuneration outcomes to shareholder returns. Participants will not derive any benefit from this portion of the grant unless the Company's performance is recorded at the median of the comparator group.

The comparator group chosen for assessing the Company's relative TSR consists of 15 S&P/ASX 200 companies above and 15 companies below the Company's 12-month average market capitalisation ranking, excluding trusts and companies classified under the Metals and Mining Global Industry Classification System (GICS). The Board believes the chosen comparator group is appropriate as it provides a comparison of relative shareholder returns that is relevant to the majority of investors. The comparator group is defined at the start of the performance period. The composition of the comparator group may change as a result of corporate events, such as mergers, acquisitions, de-listings etc. The Committee has agreed guidelines for adjusting the comparator group following such events, and retains discretion to determine any potential adjustment to the comparator group.

TSR performance is monitored and assessed by an independent advisor. The percentage of TSR performance rights that vest (if any) at the end of the three-year performance period will be based on the following schedule:

Company's TSR ranking in the comparator group	Proportion of performance rights vesting
Below the 51st percentile	Nil
At the 51st percentile	50%
Between the 51st and 75th percentiles	Between 51% and 100%, increasing on a straight-line basis
Above the 75th percentile	100%

When will performance be tested?

Awards are subject to a three-year performance period. Immediately following the completion of the performance period, the performance hurdles are tested to determine whether, and to what extent, awards vest. The LTI Plan does not permit re-testing. Any performance rights that do not vest following testing of performance hurdles (i.e. at the end of the three-year performance period) will lapse.

Disposal restrictions on vested shares

Shares acquired on vesting of performance rights (to the extent the performance hurdles are achieved) are subject to a minimum 12-month disposal restriction. Participants have the ability to elect for an additional disposal restriction period to apply beyond the required 12 months.

Do the performance rights carry dividend or voting rights?

Performance rights do not carry any dividend or voting rights prior to vesting.

What happens in the event of a change in control?

In the event of a change of control of the Company, unvested performance rights may vest to the extent the performance hurdles are considered to have been achieved to the date of the transaction. The Board will have discretion to determine whether any additional vesting should occur.

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Seven West Media long-term incentive plan	
What happens if the participant ceases employment?	If the participant ceases employment before the end of the performance period by reason of death, disablement, retirement, redundancy or for any other reason approved by the Board, unvested awards remain on-foot, subject to original performance hurdles, although the Board may determine that some or all of the awards should be forfeited. If the participant ceases employment before the end of the performance period by reasons other than outlined above, unvested awards will automatically lapse.
Are participants allowed to hedge their LTI award?	Under the Seven West Media Equity Plan Rules, executives who are granted share based payments, such as performance rights under the LTI plan, as part of their remuneration are prohibited from entering into other arrangements that limit their exposure to losses that would result from share price decreases.

b. Link between Remuneration Policy and Group Performance

In FY17, the remuneration policy was linked to profit before significant items, net finance costs and tax (EBIT), diluted earnings per share (DEPS) (excluding significant items) and total shareholder return (TSR) performance of the Group.

The following table sets out the Group's performance over the last 5 financial years:

	2013	2014	2015	2016	2017
Profit before significant items[1], net finance costs and tax (EBIT) ($'000's)	422,015	408,177	356,333	318,126	261,385
Statutory NPAT ($'000's)	(69,758)	149,188	(1,887,377)	184,289	(742,299)
NPAT (excluding significant items)[1,2] ($'000's)	225,175	236,228	209,145	207,343	166,809
Diluted earnings per share (as reported) (cents)	(7.1)	12.6	(181.1)	12.2	(49.4)
Diluted earnings per share (excluding significant items)[1] (cents)	19.6	19.9	16.0	13.7	11.1
Dividend per share (cents)	45.0	12.0	12.0	8.0	6.0
Share price as at reporting date ($)	1.90	1.89	1.05	1.08	0.70
Return on capital employed (%)	9.54	9.70	16.20	14.44	18.58

1 Significant items is a non-IFRS measure. For details of significant items refer note 1.4 to the financial statements.

2 NPAT (excluding significant items) is a non-IFRS measure. This measure is applied consistently year on year and used internally by management to assess the performance of the business and hence is provided to enable an assessment of remuneration compared to Group performance. Refer to the Operating and Financial Review for reconciliation to statutory net profit after tax.

Group performance is linked to the STI Plan through underlying EBIT hurdles. Group performance is linked to the LTI plan through the DEPS and TSR targets.

The Group continues to operate in intensively competitive markets. Executive variable remuneration outcomes are dependent on the Company and Group's financial performance and were below target level in FY17, reflecting the Board's commitment to maintaining the link between executive remuneration and Company performance.

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c. FY17 Executive remuneration outcomes

Under the design of the STI plan, a pool may be available for distribution where the Group's underlying EBIT threshold target is met as set out in section 1.a of the Remuneration Report.

Following achievement of 94 per cent of the Group's underlying EBIT target for FY17, a pool of 25 per cent of the on-target amount may be paid as STI awards to executives.

The pool awarded to executives for FY17 amounts to 12 per cent of the on-target entitlement.

Individual STI award outcomes

The MD & CEO's performance was assessed by the Chairman and the Committee based on his individual performance against KPIs. Information on KPIs for the MD & CEO is set out in section 1.a.ii. An STI award may have been made to the MD & CEO under the terms and conditions of the STI plan and based on the strength of his individual performance against KPIs including relating to broadcast ratings performance, digital audience growth, employee safety and achievement of cost efficiencies and transformation targets. However, the MD & CEO asked not to be considered for an STI award. The Board determined that it would not be appropriate for an STI award to be made to the MD & CEO.

In determining individual awards and the proportion of on-target award made to each executive, the MD & CEO and the Committee had regard to the achievement of executives against their KPIs, which were determined on an individual basis consistent with key operational and strategic objectives of the Company, as determined by the Board.

STI awards were made to executives who delivered against particular significant KPIs. These include delivering the 22nd consecutive half of TV ratings and revenue leadership, multiplatform delivery of major premium content – including Rio 2016 Olympics, AFL, Australian Open Tennis and key owned programming, rapid, low-cost deployment of new digital products, significant increases in ventures investment portfolio value, continued strong growth in global commissions and program sales and delivery of focused cost reduction and transformation initiatives to meet market demands.

The table below outlines the STI award outcomes for each executive in FY17.

Executive	% of on-target FY17 STI paid in cash	% of FY17 STI deferred into restricted shares	% of on-target FY17 STI forfeited
MD & CEO – Tim Worner	0	0	100
Group Executive, Human Resources – Melanie Allibon[1]	0	0	100
Chief Revenue Officer – Kurt Burnette	6	6	88
Chief Digital Officer – Clive Dickens	11.5	11.5	77
Group Chief – Corporate and Regulatory Affairs – Bridget Fair	14	14	72
Chief Financial Officer – Warwick Lynch	12	12	76
Group Executive Human Resources – Katie McGrath[2]	NA	NA	NA
Commercial Director – Bruce McWilliam	11	11	78
Chief Executive Officer WA – Chris Wharton[1]	0	0	100
Chief Executive Officer, Pacific Magazines – Peter Zavecz[1]	0	0	100

1 Resigned or retired during the year and as a result was not eligible for and STI award in FY17.

2 KA McGrath's participation in the STI plan commences from FY18.

The remuneration in detail table in section 1.d contains a comparison to FY16 incentive payments.

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d. Total Remuneration Earned by Executives (non-statutory disclosures)

The following table sets out the actual remuneration earned by the Group's executives in FY17. The value of remuneration includes the equity grants where the executive received control of the shares in FY17.

The purpose of this table is to provide a summary of the actual remuneration outcomes received in either cash or vested equity.

Due to this, the values in this table will not reconcile with those provided in the statutory disclosures in table 1.e. For example, table 1.e. discloses the value of LTI grants which may or may not vest in future years, whereas this table discloses the value of LTI grants from previous years which vested in FY17.

KMP	Year	Cash salary and fees $	Other remuneration[1] $	Cash bonus (STI) $	Deferred STI vested in the year[2] $	LTI vested in the year[2] $	Termination benefits $	Remuneration "earned" for 2017[3] $
TG Worner	**2017**	**2,580,384**	**160,451**	**–**	**–**	**–**	**–**	**2,740,835**
	2016	2,580,692	114,323	500,000	–	–	–	3,195,015
MJ Allibon[4] (resigned 16 December 2016)	**2017**	**173,393**	**27,989**	**–**	**–**	**–**	**58,856**	**260,238**
	2016	374,442	34,124	40,000	–	–	–	448,566
KJ Burnette	**2017**	**1,230,384**	**38,865**	**37,500**	**–**	**–**	**–**	**1,306,749**
	2016	1,230,692	164,960	75,000	–	–	–	1,470,652
CR Dickens	**2017**	**530,384**	**33,419**	**31,797**	**–**	**–**	**–**	**595,600**
	2016	530,692	62,604	150,000	–	–	–	743,296
BC Fair	**2017**	**530,384**	**17,215**	**38,672**	**–**	**–**	**–**	**586,271**
	2016	530,692	36,485	50,000	–	–	–	617,177
WO Lynch[5]	**2017**	**705,384**	**28,899**	**43,047**	**–**	**–**	**–**	**777,330**
	2016	655,692	53,155	–	–	–	–	708,847
KA McGrath	**2017**	**29,344**	**5,667**	**–**	**–**	**–**	**–**	**35,011**
	2016	–	–	–	–	–	–	–
BI McWilliam	**2017**	**805,384**	**91,438**	**46,407**	**–**	**–**	**–**	**943,229**
	2016	805,692	69,631	125,000	–	–	–	1,000,323
CS Wharton *(retired 30 April 2017)*	**2017**	**804,031**	**102,107**	**–**	**–**	**–**	**–**	**906,138**
	2016	918,667	17,542	–	–	–	–	936,209
P Zavecz[6] *(resigned 30 September 2016)*	**2017**	**145,058**	**4,237**	**–**	**–**	**–**	**150,000**	**299,295**
	2016	580,692	33,997	–	–	–	–	614,689
Total Executives	**2017**	**7,534,130**	**510,287**	**197,423**	**–**	**–**	**208,856**	**8,450,696**
Total Executives	2016	8,207,953	586,821	940,000	–	–	–	9,734,774

1. Other remuneration includes the cash value of non-monetary benefits, superannuation, annual leave and long service leave entitlements and any fringe benefits tax payable on non-monetary benefits. The elements of other remuneration are valued consistently with the equivalent benefits included in the statutory disclosure table below.
2. Refers to equity based plans from prior years that have vested in the current year. The value is calculated using the 5 day Volume Weighted Average Price (VWAP) of Company shares on the vesting date.
3. Refers to the total value of remuneration earned during FY17, being the sum of the prior columns.
4. Termination benefits for MJ Allibon are comprised of remuneration paid to MJ Allibon in lieu of notice.
5. WO Lynch was appointed Chief Financial Officer on 1 March 2016. Prior to his appointment, he was Acting Chief Financial Officer from 5 January 2015. His fixed remuneration was reviewed and increased on 1 March 2016 following his appointment to the role.
6. Termination benefits for P Zavecz are comprised of 47 week non-compete payment.

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e. Executive Remuneration in Detail (statutory disclosures)

Details of the audited remuneration of the Company's executives for the year ended 24 June 2017 are set out in the following table, calculated in accordance with statutory accounting requirements.

		Short–term benefits			Post-employment benefits	Other long-term benefits	Termination benefits	Share-Based payments			
	Year	Cash salary and fees $	Cash bonus & incentives[1,2] $	Non-monetary benefits $	Super-annuation $	Long service leave and annual leave[3] $	Termination benefits $	Performance Rights[4] $	Deferred Shares $	Total $	Remuneration performance related %
Executive director of the Company											
TG Worner	**2017**	**2,580,384**	**–**	**67,543**	**19,616**	**73,292**	**–**	**64,136**	**–**	**2,804,971**	**2**
	2016	2,580,692	500,000	21,670	19,308	73,345	–	(362,016)	–	2,832,999	5
Key management personnel of the Company											
MJ Allibon[5,7] (resigned 16 December 2016)	**2017**	**173,393**	**–**	**–**	**14,712**	**13,277**	**58,856**	**(93,291)**	**–**	**166,947**	**(56)**
	2016	374,442	40,000	–	19,308	14,816	–	(9,562)	–	439,004	7
KJ Burnette	**2017**	**1,230,384**	**37,500**	**46,513**	**19,616**	**(27,264)**	**–**	**16,336**	**18,750**	**1,341,835**	**5**
	2016	1,230,692	75,000	100,774	19,308	44,878	–	(112,996)	–	1,357,656	(3)
CR Dickens	**2017**	**530,384**	**31,797**	**6,751**	**19,616**	**7,052**	**–**	**14,765**	**15,899**	**626,264**	**10**
	2016	530,692	150,000	15,075	19,308	28,221	–	28,470	–	771,766	23
BC Fair	**2017**	**530,384**	**38,672**	**9,595**	**19,616**	**(11,996)**	**–**	**7,264**	**19,336**	**612,871**	**11**
	2016	530,692	50,000	7,992	19,308	9,185	–	(7,254)	-	609,923	7
WO Lynch[6]	**2017**	**705,384**	**43,047**	**–**	**19,616**	**9,283**	**–**	**7,419**	**21,524**	**806,273**	**9**
	2016	655,692	–	10,785	19,308	23,062	–	15,301	–	724,148	2
KA McGrath	**2017**	**29,344**	**–**	**–**	**2,788**	**2,879**	**–**	**–**	**–**	**35,011**	**–**
	2016	–	–	–	–	–	–	–	–	–	–
BI McWilliam[7]	**2017**	**805,384**	**46,407**	**36,581**	**19,616**	**35,241**	**–**	**13,567**	**23,203**	**979,999**	**8**
	2016	805,692	125,000	10,831	19,308	39,492	–	(137,649)	–	862,674	(1)
CS Wharton (retired 10 March 2017)	**2017**	**804,031**	**–**	**24,053**	**19,617**	**58,437**	**–**	**(141,318)**	**–**	**764,820**	**(18)**
	2016	918,667	–	50,069	19,308	(51,835)	–	(125,135)	–	811,074	(15)
P Zavecz[8] (resigned 30 September 2016)	**2017**	**145,058**	**–**	**14,112**	**4,904**	**(14,779)**	**150,000**	**(90,912)**	**–**	**208,383**	**(44)**
	2016	580,692	–	20,946	19,308	(6,257)	–	28,853	–	643,542	4
Total Executives	**2017**	**7,534,130**	**197,423**	**205,148**	**159,717**	**145,422**	**208,856**	**(202,034)**	**98,712**	**8,347,374**	
Total Executives	2016	8,207,953	940,000	238,142	173,772	174,907	–	(681,988)	–	9,052,786	

1. STI award for 2016 being a percentage of the on-target STI award opportunity.
2. STI award for 2017 being a percentage of the on-target STI award opportunity.
3. Includes movement in annual leave and long service leave balances. The accounting value may be negative where an executive's annual leave balance decreases as a result of taking more than the leave accrued during the year.
4. The accounting value of share based payments may be negative, for example where an Executive's share based payment expense includes cumulative adjustments for changes in non-market vesting conditions.
5. Termination benefits for MJ Allibon are comprised of remuneration paid to MJ Allibon in lieu of notice.
6. WO Lynch was appointed Chief Financial Officer on 1 March 2016. Prior to his appointment, he was Acting Chief Financial Officer from 5 January 2015. His fixed remuneration was reviewed and increased on 1 March 2016 following his appointment to the role.
7. Excludes cash salaries and fees charged by Seven West Media Limited to Seven Group Holdings Limited for the provision of services to Seven Group Holdings by MJ Allibon and BI McWilliam in a company to company agreement.
8. Termination benefits for P Zavecz are comprised of 47 week non-compete payment.

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f. Service Agreements

The terms of employment for the MD & CEO, and the other key management personnel of the Seven West Media Group, are formalised in employment contracts, the major provisions of which are set out below.

Name	Duration of Contract	Period of Notice Required to Terminate the Contract	Contractual Termination Benefits
TG Worner	Three years[1]	Twelve months' notice	Nil
KJ Burnette	Open ended	Three months' notice	Nil
CR Dickens	Open ended	Six months' notice	Nil
BC Fair	Open ended	Three months' notice	Nil
WO Lynch	Open ended	Six months' notice	Nil
KA McGrath	Open ended	Three months' notice	Nil
BI McWilliam	Open ended	Three months' notice	Nil

1. At the end of the first anniversary of the commencement date either the Company or TG Worner had an option to extend the term for a further year. If such option was exercised then on the second anniversary of the commencement date either the Company or TG Worner had an option to extend the term for an additional year. The first and second options to extend TG Worner's contract by one year have each been exercised.

2. Non-Executive Director Remuneration

a. Non-Executive Director Remuneration Framework

Fees and payments to NEDs reflect the demands which are made on, and the responsibilities of, the NEDs. NED fees and payments are reviewed by the Committee and, where appropriate, changes are recommended to the Board. The Committee has the discretion to directly seek the advice of independent remuneration consultants to ensure NED fees are appropriate and in line with the market. The Chairman's fees are determined in the same way.

The aggregate of payments each year to NEDs must be no more than the amount approved by shareholders in the annual general meeting (AGM). The current aggregate is $1,900,000, which was approved at the 2013 AGM held on 13 November 2013. The aggregate of payments to NEDs in FY17 did not exceed the approved amount.

The fees for the year to 24 June 2017 were $135,000 per annum for Non-Executive Directors and $335,000 per annum to the Chairman. In addition, a fee of $40,000 per annum is paid to the Chairman of the Audit & Risk Committee and $20,000 is paid to the Chairman of the Remuneration & Nomination Committee. Members of the Audit & Risk Committee receive an additional fee of $14,000 per annum and members of the Remuneration & Nomination Committee receive an additional fee of $10,000 per annum. The Chairman is not eligible to receive Committee fees. The Company's statutory superannuation contributions are included in these amounts.

During FY17, Non- Executive Director fees were reviewed by Remuneration & Nomination Committee. On the Committee's recommendation, the Board determined that, in view of the considerable time commitment and wide range of responsibilities that the Audit & Risk Committee Chair consistently fulfils, the Audit & Risk Committee Chair fee be increased from $26,000 to $40,000 from 1 July 2016. All other Non-Executive director fees have remained unchanged since 1 July 2011.

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b. Non-Executive Remuneration in Detail

Details of the remuneration of the Company's Non-Executive Directors for the year ended 24 June 2017 are set out in the following table.

		Short–term benefits			Post–employment benefits	
	Year	Cash salary and fees $	Cash bonus & incentives $	Non–monetary benefits $	Super–annuation $	Total $
Non–Executive directors of the Company						
KM Stokes AC – Chairman	**2017**	**315,384**	**–**	**27,129**	**19,616**	**362,129**
	2016	315,692	–	12,510	19,308	347,510
JH Alexander	**2017**	**141,553**	**–**	**–**	**13,447**	**155,000**
	2016	141,553	–	–	13,447	155,000
Dr ME Deaker	**2017**	**159,000**	**–**	**–**	**–**	**159,000**
	2016	159,000	–	–	–	159,000
D Evans	**2017**	**168,950**	**–**	**–**	**16,050**	**185,000**
	2016	156,165	–	–	14,836	171,001
PJT Gammell	**2017**	**136,073**	**–**	**–**	**12,927**	**149,000**
	2016	136,073	–	–	12,927	149,000
JG Kennett AC	**2017**	**132,420**	**–**	**–**	**12,580**	**145,000**
	2016	126,281	–	–	11,997	138,278
SC McGregor *(resigned 2 February 2017)*	**2017**	**80,510**	**–**	**–**	**7,648**	**88,158**
	2016	126,281	–	–	11,997	138,278
M Malone	**2017**	**136,073**	**–**	**–**	**12,927**	**149,000**
	2016	125,426	–	–	11,915	137,341
RK Stokes	**2017**	**132,420**	**–**	**–**	**12,580**	**145,000**
	2016	132,420	–	4,529	12,580	149,529
Total Non-Executive Directors	**2017**	**1,402,383**	**–**	**27,129**	**107,775**	**1,537,287**
Total Non-Executive Directors	2016	1,418,891	–	17,039	109,007	1,544,937

3. Key Management Personnel Equity Transactions and Holdings

a. Equity Incentive Plan Holdings

Long-Term Incentive Plan

As described above, the Company operates an LTI plan and an STI plan for executives. Under the LTI plan, executives may be granted performance rights. Under the STI plan a portion of the award may be granted to executives as restricted shares. Equity grants under the LTI plan and the STI plan are made in accordance with the Seven West Media Equity Incentive Plan rules.

FY17 grants

During FY17, the Committee conducted a review of the LTI plan, which will be ongoing in FY18. As a result, an award to executives was not made under the LTI plan in FY17.

Prior year grants

Details of the performance rights that remain unvested and on-foot, granted to executives under the LTI plan in prior years, are below.

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Executive	Number of share rights	Grant Date	Expiry Date	Fair value per right at Grant Date TSR component ($)	Fair value per right at Grant Date DEPS component ($)	Number of rights vested during FY17	% for-feited in FY17	Financial year in which grant may vest
TG Worner	2,031,250	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019
MJ Allibon	205,078	4 April 2016	1 September 2018	$0.47	$0.86	–	100	NA
KJ Burnette	488,281	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019
CR Dickens	214,843	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019
BC Fair	214,843	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019
WO Lynch	94,401	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019
BI McWilliam	429,687	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019
CS Wharton	390,625	4 April 2016	1 September 2018	$0.47	$0.86	–	100	NA
P Zavecz	234,375	4 April 2016	1 September 2018	$0.47	$0.86	–	100	NA
TG Worner	833,333	15 June 2015	1 September 2017	$0.11	$0.88	–	–	June 2018
MJ Allibon	84,134	15 June 2015	1 September 2017	$0.11	$0.88	–	100	NA
KJ Burnette	192,307	15 June 2015	1 September 2017	$0.11	$0.88	–	–	June 2018
CR Dickens	38,782	15 June 2015	1 September 2017	$0.11	$0.88	–	–	June 2018
BC Fair	88,141	15 June 2015	1 September 2017	$0.11	$0.88	–	–	June 2018
BI McWilliam	176,282	15 June 2015	1 September 2017	$0.11	$0.88	–	–	June 2018
CS Wharton	160,256	15 June 2015	1 September 2017	$0.11	$0.88	–	100	NA
P Zavecz	55,769	15 June 2015	1 September 2017	$0.11	$0.88	–	100	NA
TG Worner	619,048	2 June 2014	1 September 2016	$0.60	$1.62	–	100	NA
MJ Allibon	62,500	2 June 2014	1 September 2016	$0.60	$1.62	–	100	NA
KJ Burnette	142,857	2 June 2014	1 September 2016	$0.60	$1.62	–	100	NA
BC Fair	59,524	2 June 2014	1 September 2016	$0.60	$1.62	–	100	NA
BI McWilliam	130,952	2 June 2014	1 September 2016	$0.60	$1.62	–	100	NA
CS Wharton	119,048	2 June 2014	1 September 2016	$0.60	$1.62	–	100	NA

The maximum possible total value of each grant assuming all vesting conditions are met is calculated as the number of performance rights (split 50:50 between TSR and DEPS) times the fair value. If all vesting conditions are met, this will be received by each executive in the year of vesting. The minimum possible total value is nil where the vesting conditions are not met.

Short–Term Incentive Plan

No equity was granted as remuneration in prior years to executives under the STI plan. 50 per cent of FY17 STI awards will be granted as restricted shares to executives under the STI plan on or about 1 October 2017. The estimated number and fair value of the restricted shares at 24 June 2017 is based on 50 per cent of the STI awards.

Executive	Estimated number of shares	Estimated fair value per share at Grant Date TSR component ($)	Number of shares vested during FY17	% forfeited in FY17	Financial year in which grant may vest
KJ Burnette	53,571	$0.70	–	–	June 2019
CR Dickens	45,424	$0.70	–	–	June 2019
BC Fair	55,245	$0.70	–	–	June 2019
WO Lynch	61,495	$0.70	–	–	June 2019
BI McWilliam	66,294	$0.70	–	–	June 2019

The maximum possible total value of each grant assuming all vesting conditions are met is the number of shares times the fair value based on the share price as at 24 June 2017. If all vesting conditions are met, this will be received by each executive in the year of vesting. The minimum possible total value is nil where the vesting conditions are not met.

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Legacy Incentive Plan

An LTI plan was in place for CS Wharton in the 2010, 2011 and 2012 financial years. No grant was made under the LTI plan in respect of the 2012 financial year due to business performance during the period. The grant made under the LTI plan in respect of the 2010 financial year did not vest and was forfeited in the 2016 financial year. The operation of this LTI plan has otherwise been discontinued. From the 2013 financial year CS Wharton was transitioned to the Seven West Media LTI plan.

Details of the vesting profile of the award that was on-foot during FY17 to CS Wharton is detailed below.

Executive	Number of share rights	Grant Date	Expiry Date	Fair value per right at grant date ($)	Number of rights vested during FY17	% forfeited in FY17	Financial year in which grant may vest
CS Wharton[1]	69,986	12 August 2011	12 August 2016	$1.75	–	100	NA

1 Granted in the 2012 financial year in relation to performance in the 2011 financial year.

The Company performed the five year TSR test on CS Wharton's 12 August 2011 performance rights as at 11 August 2016 in accordance with the TSR hurdles outlines below and determined that 0% of the performance rights vested. The five year test was the final test and as a result CS Wharton's 12 August 2011 performance rights were forfeited.

CS Wharton LTI vesting conditions

How is TSR performance measured?

The TSR of the Company is measured as a percentile ranking compared to a comparator group of companies over the performance period (from grant date to test date).

Awards vest based on the ranking against companies in the comparator group, based on the following schedule:

Aggregate DEPS over the three years	Proportion of DEPS performance rights that vest (%)
Below the 50th percentile	Nil
At the 50th percentile	50%
Between the 50th and 75th percentiles	Between 50% and 100%, increasing on a straight-line basis
At the 75th percentile	100%
Between the 75th and 100th percentiles	Between 100% and 150%, increasing on a straight-line basis
At the 100th percentile	150%

When will performance be tested?	There are three test dates for the performance rights, being 3, 4 and 5 years after the date of grant.
Do the performance rights carry dividend or voting rights?	Performance rights do not carry any dividend or voting rights.
What happens in the event of a change in control?	In the event of a change of control of the Company, unvested performance rights may vest to the extent the performance hurdles are considered to have been achieved to the date of the transaction. The Board will have discretion to determine whether any additional vesting should occur.
What happens if the participant ceases employment?	If the participant ceases employment before the end of the performance period by reason of death, disablement, retirement, redundancy or for any other reason approved by the Board, unvested awards remain on-foot, subject to original performance hurdles, although the Board may determine that awards should be forfeited. If the participant ceases employment before the end of the performance period by reasons other than outlined above, unvested awards will lapse.
Are there any disposal restrictions once the performance rights vest?	There are no disposal restrictions once the performance rights vest.

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Total Performance Rights Holdings

The total number of performance rights in the Company held during the financial year by each Director of Seven West Media Limited and other Key Management Personnel of the Group are set out in the table below. Performance rights do not carry any dividends or voting rights prior to vesting.

2017	Balance at start of the year	Rights granted as remuneration	Exercised	Expired or Forfeited	Balance at the end of the year[1]
TG Worner	3,483,631	–	–	(619,048)	2,864,583
MJ Allibon[2]	351,712	–	–	(351,712)	–
KJ Burnette	823,445	–	–	(142,857)	680,588
CR Dickens	253,625	–	–	–	253,625
BC Fair	362,508	–	–	(59,524)	302,984
WO Lynch	94,401	–	–	–	94,401
BI McWilliam	736,921	–	–	(130,952)	605,969
CS Wharton[2]	739,915	–	–	(739,915)	–
P Zavecz[2]	290,144	–	–	(290,144)	–

1 The balance of performance rights at the end of the year are unvested rights.
2 Closing details are as at date of cessation as KMP.

b. Equity Holdings and Transactions

The fair value of equity granted as remuneration is amortised over the service period and therefore remuneration in respect of equity grants may be reported in future years. The following table summarises the maximum value of these grants that will be reported in the remuneration tables in future years, assuming all vesting conditions are met. The minimum value of the grant is nil should vesting conditions not be satisfied.

Executive	Award	2018 $
KJ Burnette	Restricted Shares (FY17 STI Deferred Component)	18,750
CR Dickens	Restricted Shares (FY17 STI Deferred Component)	15,898
BC Fair	Restricted Shares (FY17 STI Deferred Component)	19,336
WO Lynch	Restricted Shares (FY17 STI Deferred Component)	21,523
BI McWilliam	Restricted Shares (FY17 STI Deferred Component)	23,203

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c. Equity Holdings and Transactions

The number of ordinary shares in the Company held during the financial year by each Director of Seven West Media Limited and other Key Management Personnel of the Group held directly, indirectly, beneficially and including their personally-related entities are set out in the table below.

2017	Balance at start of the year	Shares granted as compensation	Purchases and other changes during the year	Balance at the end of the year
Directors of the Company				
KM Stokes AC	619,753,734	–	–	619,753,734
JH Alexander	55,768	–	–	55,768
Dr ME Deaker	26,161	–	–	26,161
D Evans	927,803	–	–	927,803
PJT Gammell	329,216	–	–	329,216
JG Kennett AC	75,000	–	–	75,000
M Malone	133,000	–	–	133,000
SC McGregor[1]	29,821	–	–	29,821
RK Stokes	240,466	–	–	240,466
Executive director of the Company				
TG Worner	293,810		–	293,810
Key Management Personnel of the Group				
MJ Allibon[1]	13,201	–	–	13,201
KJ Burnette	8,765	–	–	8,765
CR Dickens	4,000	–	–	4,000
BC Fair	–	–	–	–
WO Lynch	–	–	–	–
KA McGrath[2]	–	–	–	–
BI McWilliam	611,044	–	–	611,044
CS Wharton[1]	99,411	–	(61,127)	38,284
P Zavecz[1]	30,363	–	–	30,363

1 Closing details are as at date of cessation as KMP.

2 Opening details are as at date of commencement as KMP.

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4. Loans and Other Transactions with Key Management Personnel

During FY17, a company associated with a Director, Mr Jeffrey Kennett AC, was party to a consulting agreement with the Group. The consulting agreement provides for the services of Mr Jeffrey Kennett AC to be supplied to Seven West Media to perform the role of political commentator, independent of his duties as a non-executive director with Seven West Media. Total fees paid during the year in relation to this consulting agreement were $200,000 (2016: $200,000). There were no other transactions with Key Management Personnel during FY17.

There were no loans provided to Key Management Personnel during FY17.

5. Services from Remuneration Consultants

During FY17 Mercer Consulting (Australia) Pty Ltd (Mercer) was engaged by the Company to provide information on market remuneration practices and Ernst and Young (EY) was engaged by the Company to assess TSR performance for the Company's Long Term Incentive plan and Legacy Long Term Incentive Plan. In the course of providing this information, the Board is satisfied that neither Mercer nor EY made any remuneration recommendations relating to KMP as defined by the Corporations Act.

End of remuneration report.

Auditor's Independence Declaration

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Seven West Media Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Seven West Media Limited for the financial year ended 24 June 2017 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

Tracey Driver
Partner

Sydney

16 August 2017

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Financial statements

Seven West Media Limited

For the year ended 24 June 2017

Seven West Media (SWM) is a for-profit company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The financial statements are for the Group consisting of Seven West Media Limited (the "Company" or "Parent Entity") and its subsidiaries, all of which are for-profit entities.

The consolidated general purpose financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and the Australian Accounting Standards and other authoritative pronouncements of The Australian Accounting Standards Board and International Financial Reporting Standards (IFRS).

All new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period have been adopted. Refer to Note 7.4 for further details.

The consolidated financial statements were authorised for issue by the Board of Directors on 16 August 2017.

The financial statements have been prepared using the historical cost basis except for derivative financial instruments which have been measured at fair value and share rights which have been valued using option pricing models.

The financial statements are presented in Australian dollars (AUD) and all values are rounded to the nearest $1,000 unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191.

The Group presents reclassified comparative information where required for consistency with the current year's presentation.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 24 June 2017

	Notes	2017 $'000	2016 $'000
Revenue	1.2	**1,673,575**	1,720,541
Other income	1.2	**5,409**	6,142
Revenue and other income		**1,678,984**	1,726,683
Expenses	1.3	**(1,418,048)**	(1,395,746)
Impairment of intangible assets	1.4	**(558,768)**	–
Impairment of investments and other assets	1.4	**(276,424)**	–
Redundancy and restructure costs	1.4	**(6,881)**	(32,933)
Onerous contracts	1.4	**(139,582)**	–
Net loss on disposal of investments	1.4	**(7,138)**	–
Share of net profit (loss) of equity accounted investees	6.1	**449**	(12,811)
(Loss) profit before net finance costs and tax		**(727,408)**	285,193
Finance costs		**(40,044)**	(41,707)
Finance income		**1,490**	3,927
(Loss) profit before tax		**(765,962)**	247,413
Tax benefit (expense)	4.1	**20,966**	(63,124)
(Loss) profit for the year		**(744,996)**	184,289
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		**5,011**	(2,640)
Exchange differences on translation of foreign operations		**(810)**	(41)
Tax relating to items that may be reclassified subsequently to profit or loss		**(1,504)**	792
Other comprehensive income (expense) for the year, net of tax		**2,697**	(1,889)
Total comprehensive (expense) income is attributable to:		**(742,299)**	182,400
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(741,629)**	182,400
Non–controlling interests		**(670)**	–
Total comprehensive (expense) income for the year		**(742,299)**	182,400
Earnings per share for (loss) profit attributable to the ordinary equity holders of the Company			
Basic earnings per share	1.5	**(49.4 cents)**	12.2 cents
Diluted earnings per share	1.5	**(49.4 cents)**	12.2 cents

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated Statement of Financial Position

As at 24 June 2017

	Notes	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	2.1	**69,490**	94,788
Trade and other receivables	2.2	**276,074**	295,592
Current tax receivable		**3,972**	–
Program rights and inventories	2.3	**186,255**	234,285
Other assets		**4,359**	6,718
Total current assets		**540,150**	631,383
Non–current assets			
Program rights	2.3	**2,559**	29,205
Equity accounted investees	6.1	**51,362**	216,010
Other investments		**21,384**	23,147
Property, plant and equipment	3.2	**159,559**	209,097
Intangible assets	3.1	**1,019,902**	1,552,962
Deferred tax assets	4.2	**8,653**	–
Other assets		**4,181**	3,873
Total non–current assets		**1,267,600**	2,034,294
Total assets		**1,807,750**	2,665,677
LIABILITIES			
Current liabilities			
Trade and other payables	2.4	**279,488**	322,555
Provisions	3.3	**84,929**	98,295
Deferred income		**36,357**	34,231
Current tax liabilities		**–**	4,900
Total current liabilities		**400,774**	459,981
Non–current liabilities			
Trade and other payables	2.4	**24,053**	39,324
Provisions	3.3	**164,399**	32,727
Deferred income		**4,456**	8,474
Deferred tax liabilities	4.2	**–**	61,878
Borrowings	5.1	**795,159**	810,752
Total non–current liabilities		**988,067**	953,155
Total liabilities		**1,388,841**	1,413,136
Net assets		**418,909**	1,252,541
EQUITY			
Share capital	5.2	**3,393,546**	3,393,145
Reserves		**(2,526)**	(5,021)
Non–controlling interests		**(1,758)**	–
Accumulated deficit		**(2,970,353)**	(2,135,583)
Total equity		**418,909**	1,252,541

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 24 June 2017

	Notes	Share capital $'000	Cash flow hedge reserve $'000	Equity compensation reserve $'000	Reserve for own shares $'000	Foreign currency translation reserve $'000	Accumulated deficit $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
Balance at 27 June 2015		**3,396,847**	**(5,182)**	**3,771**	**(1,517)**	**95**	**(2,199,022)**	**1,194,992**	**–**	**1,194,992**
Profit for the year		–	–	–	–	–	184,289	184,289	–	184,289
Cash flow hedge losses taken to equity		–	(2,640)	–	–	–	–	(2,640)	–	(2,640)
Foreign currency translation differences		–	–	–	–	(41)	–	(41)	–	(41)
Tax on other comprehensive income		–	792	–	–	–	–	792	–	792
Other comprehensive expense for the year, net of tax		–	(1,848)	–	–	(41)	–	(1,889)	–	(1,889)
Total comprehensive (expense) income for the year		–	(1,848)	–	–	(41)	184,289	182,400	–	182,400
Transactions with owners in their capacity as owners										
Shares bought back on market	5.2	(3,805)	–	–	–	–	–	(3,805)	–	(3,805)
Shares issued pursuant to executive and employee share buy back	5.2	103	–	–	–	–	–	103	–	103
Dividends paid	5.3	–	–	–	–	–	(120,850)	(120,850)	–	(120,850)
Share based payment expense		–	–	(299)	–	–	–	(299)	–	(299)
Total transactions with owners		(3,702)	–	(299)	–	–	(120,850)	(124,851)	–	(124,851)
Balance at 25 June 2016		**3,393,145**	**(7,030)**	**3,472**	**(1,517)**	**54**	**(2,135,583)**	**1,252,541**	**–**	**1,252,541**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(744,326)**	**(744,326)**	**(670)**	**(744,996)**
Cash flow hedge gains taken to equity		–	5,011	–	–	–	–	5,011	–	5,011
Foreign currency translation differences		–	–	–	–	(810)	–	(810)	–	(810)
Tax on other comprehensive income		–	(1,504)	–	–	–	–	(1,504)	–	(1,504)
Other comprehensive (expense) income for the year, net of tax		–	3,507	–	–	(810)	–	2,697	–	2,697
Total comprehensive (expense) income for the year		–	3,507	–	–	(810)	(744,326)	(741,629)	(670)	(742,299)
Transactions with owners in their capacity as owners										
Shares sold pursuant to cancellation of loan plan	5.2	401	–	–	–	–	–	401	–	401
Shares transferred from treasury pursuant to vesting of share buy back		–	–	(920)	920	–	–	–	–	–
Dividends paid	5.3	–	–	–	–	–	(90,444)	(90,444)	–	(90,444)
Share based payment expense		–	–	(202)	–	–	–	(202)	–	(202)
Acquisition of NCI		–	–	–	–	–	–	–	(1,088)	(1,088)
Total transactions with owners		401	–	(1,122)	920	–	(90,444)	(90,245)	(1,088)	(91,333)
Balance at 24 June 2017		**3,393,546**	**(3,523)**	**2,350**	**(597)**	**(756)**	**(2,970,353)**	**420,667**	**(1,758)**	**418,909**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows

For the year ended 24 June 2017

	Notes	2017 $'000	2016 $'000
Cash flows related to operating activities			
Receipts from customers		**1,840,818**	1,872,818
Payments to suppliers and employees		**(1,614,036)**	(1,611,229)
Dividends received from equity accounted investees	6.1	**6,280**	12,375
Dividends received other		**206**	1,479
Interest and other items of similar nature received		**1,059**	3,469
Interest and other costs of finance paid		**(37,648)**	(36,905)
Income taxes paid, net of refunds		**(56,437)**	(40,419)
Net operating cash flows	2.1	**140,242**	201,588
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment		**(20,004)**	(22,202)
Proceeds from sale of property, plant and equipment		**1,807**	183
Payments for intangibles		**(11,939)**	(9,705)
Payments for equity accounted investees		**(3,165)**	(2,544)
Proceeds from sale of equity accounted investees		**6,500**	–
Payments for other investments		**(3,014)**	(11,369)
Payment for purchase of controlled entities, net of cash acquired		**(18,839)**	(301)
Loans issued to investees		**(9,804)**	(10,973)
Net investing cash flows		**(58,458)**	(56,911)
Cash flows related to financing activities			
Payment for share buy back		**–**	(3,805)
Proceeds from shares sold pursuant to cancellation of loan plan		**566**	–
Payments for transaction costs arising on share issues		**–**	(1,822)
Proceeds from shares issued pursuant to executive and employee share plans		**–**	103
Proceeds from borrowings		**346,000**	91,563
Repayment of borrowings		**(363,204)**	(156,923)
Dividends paid	5.3	**(90,444)**	(120,850)
Net financing cash flows		**(107,082)**	(191,734)
Net decrease in cash and cash equivalents		**(25,298)**	(47,057)
Cash and cash equivalents at the beginning of the year		**94,788**	141,845
Cash and cash equivalents at the end of the year	2.1	**69,490**	94,788

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 24 June 2017

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SECTION 1

Group Structure

1.1. Segment Information

1.1A. Description of Segments

Accounting policy

For management purposes, the Group is organised into business segments based on its products and services and has four reportable segments, as follows:

Reportable Segment	Description of Activities
Television	Production and operation of commercial television programming and stations.
The West	Publishers of newspapers and insert magazines in Western Australia; Quokka (weekly classified advertising publication); Colourpress, Digital publishing and West Australian Publishers.
Pacific	Publisher of magazines in print and digital editions.
Other Business and New Ventures	Made up of equity accounted investees including Yahoo7, Draftstars, Community Newspapers, Starts at 60, New You, TX Australia, Radio (radio stations broadcasting in regional areas of Western Australia), RED Live as well as Presto and Australian News Channel (until disposal).

The chief operating decision makers, responsible for allocating resources and assessing performance of the operating segments, have been identified as the Chief Executive Officer, the Chief Financial Officer, Business Segment Chief Executive Officers and other relevant members of the executive team.

Segment performance is evaluated based on a measure of profit / (loss) before significant items, net finance costs and tax.

Revenue from external sales is predominantly to customers in Australia and total segment assets are predominantly held in Australia.

Total assets and liabilities by segment are not provided regularly to the chief operating decision makers and as such, are not required to be disclosed.

1.1B. Segment Information

Year ended 24 June 2017	REF	Television $'000	The West $'000	Pacific $'000	Other Business and New Ventures $'000	Corporate [B] $'000	Total $'000
Revenue from continuing operations		1,275,871	217,242	167,991	12,471	–	1,673,575
Other revenue		5,109	300	–	–	–	5,409
Share of net profit of equity accounted investees		–	–	–	449	–	449
Revenue, other income and share of net profit of equity accounted investees		**1,280,980**	**217,542**	**167,991**	**12,920**	**–**	**1,679,433**
Expenses		(1,009,845)	(170,877)	(161,808)	(13,907)	(16,336)	(1,372,773)
Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation		**271,135**	**46,665**	**6,183**	**(987)**	**(16,336)**	**306,660**
Depreciation and amortisation	[A]	(21,476)	(20,633)	(2,707)	(390)	(69)	(45,275)
Profit (loss) before significant items, net finance costs and tax		**249,659**	**26,032**	**3,476**	**(1,377)**	**(16,405)**	**261,385**

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Year ended 25 June 2016	REF	Television $'000	The West $'000	Pacific $'000	Other Business and New Ventures $'000	Corporate [B] $'000	Total $'000
Revenue from continuing operations		1,256,114	226,994	201,224	36,209	–	1,720,541
Other revenue		3,386	1,535	–	1,221	–	6,142
Share of net loss of equity accounted investees		–	–	–	(12,811)	–	(12,811)
Revenue, other income and share of net loss of equity accounted investees		**1,259,500**	**228,529**	**201,224**	**24,619**	**–**	**1,713,872**
Expenses		(945,723)	(168,033)	(190,749)	(29,780)	(16,083)	(1,350,368)
Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation		**313,777**	**60,496**	**10,475**	**(5,161)**	**(16,083)**	**363,504**
Depreciation and amortisation	[A]	(22,080)	(21,295)	(1,455)	(461)	(87)	(45,378)
Profit (loss) before significant items, net finance costs and tax		**291,697**	**39,201**	**9,020**	**(5,622)**	**(16,170)**	**318,126**

A. Excludes program rights amortisation which is included in media content expenses (refer note 1.3).

B. Corporate is not an operating segment. The amounts presented are unallocated costs and revenue.

1.1C. Other segment information

The chief operating decision makers assess the performance of the operating segments based on a measure of earnings before net finance costs and tax. This measurement basis excludes the effects of significant items from the operating segments.

	2017 $'000	2016 $'000
Reconciliation of profit before significant items, net finance costs and tax		
Profit before significant items, net finance costs and tax	**261,385**	318,126
Finance costs	**(40,044)**	(41,707)
Finance income	**1,490**	3,927
Profit before tax excluding significant items	**222,831**	280,346
Significant items before tax (refer note 1.4)	**(988,793)**	(32,933)
(Loss) profit before tax	**(765,962)**	247,413

Notes to the Financial Statements

For the year ended 24 June 2017

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1.2. Revenue and Other Income

Accounting policy

Revenue recognition and measurement

The Group recognises revenue when:

> the revenue can be reliably measured;
> it is probable the future economic benefits will flow to the entity; and
> specific criteria have been met for each of the Group's activities as described below.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of agency commissions, discounts, rebates, returns, trade allowances and duties and taxes paid.

Revenue is recognised for the major business activities as follows:

	Description of Activities	
[A]	Advertising	Recognised when the advertisement has been published or broadcast.
[B]	Circulation	Recognised when the significant risks and rewards of ownership have passed to the buyer and control of the right to be compensated has been obtained.
[C]	Program sales and affiliate fees	Program sales and affiliate revenue is recognised in line with the contract terms and conditions.
[D]	Rendering of services	Mostly relating to printing services. The revenue is recognised when the service has been performed.
[E]	Other revenue includes:	
	Government grants	Recognised initially as deferred income when it is highly probable that the grant will be received. This may include the following:
	(i) cash grants or funding	Recognised when all attaching conditions will be complied with.
	(ii) reimbursement of expense	Recognised over the periods necessary to match the costs that it is intended to compensate.
	(iii) reimbursement for cost of asset	Recognised over the lifetime of the asset on a systematic basis.
	Rental income	Recognised on a straight line basis over the term of the lease.
	Dividends	Recognised when the right to receive payment is established.

	REF	2017 $'000	2016 $'000
Sales revenue			
Advertising revenue	[A]	**1,239,275**	1,262,424
Circulation revenue	[B]	**169,868**	187,231
Program sales and affiliate fees	[C]	**203,185**	189,305
Rendering of services	[D]	**26,634**	22,970
Other revenue	[E]	**34,613**	58,611
Total sales revenue		**1,673,575**	1,720,541
Other income			
Dividends received		**206**	1,479
Sundry income		**2,472**	3,328
Net gain on disposal of property, plant and equipment and computer software		**2,731**	116
Gain on investment at fair value		**–**	1,219
Total other income		**5,409**	6,142

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1.3. Expenses

(Loss) profit before tax includes the following specific expenses:

	REF	2017 $'000	2016 $'000
Depreciation and amortisation (excluding program rights amortisation)	[A]	**(45,275)**	(45,378)
Advertising and marketing expenses		**(44,599)**	(51,169)
Printing, selling and distribution (including newsprint and paper)		**(93,070)**	(103,318)
Media content (including program rights amortisation)	[A]	**(661,865)**	(562,719)
Employee benefits expense (excluding significant items)	[B]	**(399,765)**	(409,954)
Raw materials and consumables used (excluding newsprint and paper)		**(9,611)**	(9,190)
Repairs and maintenance		**(18,501)**	(18,653)
Licence fees		**(17,566)**	(57,516)
Rental expense relating to operating leases		**(24,214)**	(23,673)
Other expenses from ordinary activities		**(103,582)**	(114,176)
Total expenses		**(1,418,048)**	(1,395,746)
Included in the expenses above are the specific items [A] to [B] from continuing operations:			
[A] Depreciation of property, plant and equipment		**(34,890)**	(37,039)
Amortisation of intangible assets		**(10,385)**	(8,339)
Television program rights amortisation		**(114,909)**	(131,811)
Total depreciation and amortisation		**(160,184)**	(177,189)
[B] Employee benefits expense		**(362,986)**	(375,573)
Defined contribution superannuation expense		**(36,779)**	(34,381)
Total employee benefits expense		**(399,765)**	(409,954)

Notes to the Financial Statements

For the year ended 24 June 2017

1.4. Significant Items

(Loss) profit before tax expense includes the following specific expenses for which disclosure is relevant in explaining the financial performance of the Group:

	REF	2017 $'000	2016 $'000
Impairment of Television goodwill	[A]	**(3,450)**	–
Impairment of Television licences	[A]	**(432,388)**	–
Impairment of Pacific and The West goodwill	[A]	**(28,879)**	–
Impairment of Pacific and The West mastheads	[A]	**(80,463)**	–
Impairment of other intangible assets	[A]	**(13,588)**	–
Total impairment of intangible assets		**(558,768)**	–
Impairment of equity accounted investees	[B]	**(179,493)**	–
Impairment of fixed assets	[A]	**(34,165)**	–
Impairment of other assets	[C]	**(62,766)**	–
Total impairment of investments and other assets		**(276,424)**	–
Redundancy and restructure costs	[D]	**(6,881)**	(32,933)
Onerous contracts	[E]	**(139,582)**	–
Net loss on disposal of investments	[F]	**(7,138)**	–
Total significant items before tax		**(988,793)**	(32,933)
Tax benefit		**76,988**	9,880
Net significant items after tax		**(911,805)**	(23,053)

A. The impairments were recognised as a result of changes to key assumptions in the Group's cash flow forecasts, these include:

Television

> Medium and long term growth rates for traditional Free to Air television metro advertising market

The West and Pacific

> Further declines in circulation and advertising revenue in print publishing businesses.

Refer note 3.1 for details.

B. An impairment review of the Group's equity accounted investees and its loans was performed, resulting in an impairment of $179.5m.

C. The recoverable amount of program rights, inventories and other assets were lower than the carrying value, resulting in an impairment of $62.8m.

D. The redundancy and restructure costs relate to transformation programs across the Group.

E. The Group has recognised an onerous contract provision in relation to its television legacy output deals, US content, one-off sporting events rights and other service contracts. Refer to note 3.3 for disclosure of the assumptions included in the calculation of the provision.

F. Net loss on disposal of Presto TV Pty Limited and Australian News Channel Pty Limited investments.

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1.5. Earnings Per Share

Accounting policy

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Retrospective adjustments

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. In addition, basic and diluted earnings per share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies, accounted for retrospectively.

	REF	2017 $'000	2016 $'000
Basic earnings per share			
(Loss) profit attributable to the ordinary equity holders of the Company		**(49.4 cents)**	12.2 cents
Diluted earnings per share			
(Loss) profit attributable to the ordinary equity holders of the Company		**(49.4 cents)**	12.2 cents

	REF	2017 $'000	2016 $'000
Earnings used in calculating earnings per share			
(Loss) profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share.		**(744,996)**	184,289

	REF	2017 Number	2016 Number
Weighted average number of shares used as the denominator			
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share		**1,507,250,149**	1,508,916,001
Adjustments for calculation of diluted earnings per share:			
> Shares issued pursuant to the suspended executive and employee share plans treated as options deemed to have been converted into ordinary shares at the beginning of the financial year		**–**	896,950
> Share rights issued pursuant to equity incentive plan		**–**	111,067
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share		**1,507,250,149**	1,509,924,018

Notes to the Financial Statements

For the year ended 24 June 2017

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SECTION 2

Working Capital

2.1. Cash and Cash Equivalents

Accounting policy

Cash and cash equivalents in the statement of financial position and statement of cash flows includes cash on hand and deposits held at call or with maturities of three months or less with financial institutions.

	2017 $'000	2016 $'000
Cash at bank and on hand	**69,490**	94,788

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The maximum exposure to credit risk at the reporting date is the carrying amount. The exposure to interest rate risk is discussed in note 5.5.

Reconciliation of operating (loss) profit after tax to net cash provided by operating activities		
(Loss) profit for the year:	**(744,996)**	184,289
Non-cash items:		
Depreciation and amortisation of property, plant and equipment and intangible assets	**45,275**	45,378
Amortisation of television program rights	**114,909**	131,811
Impairment of intangible assets and equity accounted investees	**738,261**	–
Impairment of tangible assets	**34,165**	–
Net gain on disposal of property, plant and equipment, computer software and equity accounted investees	**(6,057)**	(116)
Share based payment expense	**(202)**	(299)
Dividend received from equity accounted investees less share of profit of equity accounted investees	**5,831**	25,186
Movement in unamortised finance costs	**(592)**	1,087
Other non-cash items	**4,890**	(14,519)
Changes in operating assets and liabilities, net of effect from acquisitions:		
(Increase) decrease in:		
Trade and other receivables	**16,327**	(23,196)
Inventories	**1,643**	(435)
Program rights	**(41,876)**	(207,217)
Other assets	**947**	(402)
Increase (decrease) in:		
Trade and other payables	**(42,458)**	(413)
Program liabilities	**(12,803)**	39,696
Provisions	**110,999**	12,818
Other liabilities	**(8,358)**	(12,992)
Tax balances	**(75,663)**	20,912
Net cash inflow from operating activities	**140,242**	201,588

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2.2. Trade and Other Receivables

Accounting policy

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally settled within 30-90 days and are non-interest bearing.

The collectability of trade receivables is reviewed on an ongoing basis. A provision for doubtful debts is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Debts which are known to be uncollectable are written off by reducing the carrying amounts directly.

The amount of the impairment loss of receivables is recognised in profit or loss in other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Group provides money, goods or services directly to a debtor. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are carried at estimated future cash flow.

	2017 $'000	2016 $'000
Current		
Trade receivables	**263,968**	282,669
Provision for doubtful debts	**(3,961)**	(4,569)
Provision for sales credits and returns	**(32,773)**	(31,092)
	227,234	247,008
Loans and other receivables	**48,840**	48,584
Total trade and other receivables	**276,074**	295,592

Movements in the provision for doubtful debts are as follows:		
Balance at the beginning of the financial year	**4,569**	6,743
Net movement in provision recognised during the year	**122**	328
Amount utilised	**(730)**	(2,502)
Balance at the end of the financial year	**3,961**	4,569

Refer to note 5.5 regarding information on the Group's exposure to credit and market risks, and impairment losses for trade and other receivables.

Refer to note 6.5 regarding receivables from related parties.

Key judgements, estimates and assumptions

Impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Notes to the Financial Statements

For the year ended 24 June 2017

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2.2. Trade and Other Receivables (continued)

The ageing of the Group's trade receivables net of provision for sales credits and returns at the reporting date was:

		Past due but not impaired			
$'000	Not past due	< 30 days	31 – 120 days	> 120 days	**Total**
Year ended 24 June 2017					
Net receivables	**224,522**	**3,985**	**2,353**	**335**	**231,195**
Provision for doubtful debts	**–**	**(2,976)**	**(902)**	**(83)**	**(3,961)**
	224,522	**1,009**	**1,451**	**252**	**227,234**
Year ended 25 June 2016					
Net receivables	234,853	11,181	3,293	2,250	251,577
Provision for doubtful debts	–	(3,867)	(463)	(239)	(4,569)
	234,853	7,314	2,830	2,011	247,008

2.3. Program Rights and Inventories

Accounting policy

Program rights

Television program rights are recognised at the earlier of when cash payments are made or from the commencement of the rights period of the contract.

Television program rights are carried at the lower of cost less amortisation and net recoverable amount. Cost comprises acquisition of program rights and, for programs produced using the Group's facilities, direct labour and materials and directly attributable fixed and variable overheads.

The Group's amortisation policy requires the amortisation of purchased programs on a straight line basis over the expected useful life.

The useful life of purchased programs is assessed at least annually. Produced programs are expensed when broadcast or in full on the twelfth month after the completion period.

Inventories

Inventories, which includes newsprint, paper, finished goods, raw material and work in progress, are measured at acquisition cost, cost of manufacturing or net realisable value. The net realisable value is the estimated achievable selling price in the ordinary course of business less the estimated costs through to completion and the estimated necessary selling costs.

	2017 $'000	**2016** $'000
Current		
Television program rights – cost less accumulated amortisation and impairment	**165,875**	212,262
Newsprint and paper – at cost	**12,083**	11,925
Work in progress – at cost	**4,993**	5,307
Other raw materials – at net realisable value	**3,304**	4,791
	186,255	234,285
Non-current		
Prepaid Television program rights	**2,559**	29,205
	2,559	29,205

Program rights and inventory expense

Program rights and inventories recognised as an expense during the year ended 24 June 2017 amounted to $114,909,000 (2016: $131,811,000) and $44,068,000 (2016: $47,238,000) respectively.

Key judgements, estimates and assumptions

The Group recognises program rights at the earlier of when cash payments are made or from the commencement of the rights period of the contract. These are capitalised and amortised over the useful life of the content. The assessment of the appropriate carrying value of these rights requires estimation by management of the forecast future cash flows which will be derived from that content. This estimate is based on a combination of market conditions and the value generated from the broadcast of comparable programs.

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2.4. Trade and Other Payables

Accounting policy

Trade payables and accruals

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid.

The amounts are unsecured and are usually paid within 30-60 days from the end of the month in which they are incurred and are non-interest bearing.

Derivative financial liabilities

Derivative financial instruments on recognised liabilities are used in the normal course of business in order to hedge exposure to fluctuations in interest rates and foreign currency exchange rates. These derivatives are designated as cash flow hedges.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items. The fair values of derivative financial instruments designated as cash flow hedges are disclosed below. Movements in the hedging reserve in shareholders' equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item (i.e. cash flows) is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The gain or loss from re-measuring the hedging instruments to fair value is recognised in other comprehensive income and accumulated in a hedging reserve, to the extent that the hedge is effective, and is recognised in profit or loss within finance costs when the hedged interest expense is recognised. The gain or loss relating to any ineffective portion is recognised immediately in profit or loss.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

Television program liabilities

Television program liabilities are recognised from the commencement of the rights period of the contract. Contract payments made prior to commencement of the rights period are disclosed as a prepayment and included under television program rights and inventories.

	2017 $'000	2016 $'000
Current		
Trade payables and accruals	**173,643**	205,940
Derivative financial liabilities	**44**	2,942
Television program liabilities	**105,801**	113,673
	279,488	322,555
Non-current		
Trade payables and accruals	**4,512**	13,725
Derivative financial liabilities	**5,712**	6,978
Television program liabilities	**13,829**	18,621
	24,053	39,324

Notes to the Financial Statements

For the year ended 24 June 2017

2.5. Commitments

	<1 year $'000	1–5 years $'000	> 5 Years $'000	Total $'000
Year ended 24 June 2017				
Capital expenditure commitments	3,246	–	–	3,246
Operating lease commitments	21,133	71,857	92,228	185,218
Contracts for purchase of television programs and sporting broadcast rights	311,003	849,453	90,705	1,251,161
Contracts for employee services	56,779	24,252	–	81,031
Contracts for other services	46,125	31,811	23,085	101,021
	438,286	**977,373**	**206,018**	**1,621,677**
Year ended 25 June 2016				
Capital expenditure commitments	4,438	–	–	4,438
Operating lease commitments	21,492	71,942	111,646	205,080
Contracts for purchase of television programs and sporting broadcast rights	261,391	807,105	234,062	1,302,558
Contracts for employee services	53,593	28,522	–	82,115
Contracts for other services	37,483	59,390	23,247	120,120
	378,397	966,959	368,955	1,714,311

Types of Commitments

Capital expenditure commitments

Commitments for the acquisition of property, plant and equipment contracted for at the reporting date but not recognised as liabilities.

Operating lease commitments

Operating lease commitments relate to minimum lease payments on non-cancellable leases contracted for at the reporting date but not recognised as liabilities.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight line basis over the period of the lease.

The Group leases various offices, equipment, sites and residential premises under non-cancellable operating leases expiring within 1 to 13 years (2016: 1 to 14 years).

The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Contracts for purchase of television programs and sporting broadcast rights

Commitments for minimum payments in relation to non-cancellable purchase contracts of television programs and sporting broadcast rights at the reporting date but not recognised as liabilities.

Contracts for employee services

Commitments for minimum payments in relation to non-cancellable contracts for employee services at the reporting date but not recognised as liabilities.

Contracts for other services

Commitments for minimum payments in relation to non-cancellable contracts for other services at the reporting date but not recognised as liabilities.

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SECTION 3

Other Key Balance Sheet Items

3.1. Intangible Assets

Accounting policy

Goodwill

Goodwill acquired in a business combination is initially measured at cost. Cost is measured as the consideration and transaction cost of the business combination minus the net fair value of the acquired and identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Refer to Note 3.1.1 for further details on impairment.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over their useful life and tested for impairment whenever there is an indication that they may be impaired. Intangible assets with indefinite lives are tested for impairment annually. The amortisation period and method is reviewed at least annually.

A summary of the policies applied to the Group's intangible assets is as follows:

	Useful life	Amortisation method used	Internally generated or acquired
Goodwill	Indefinite	No amortisation	Acquired
Television licences	Indefinite	No amortisation	Acquired
The West mastheads	Indefinite	No amortisation	Acquired
Radio licences	Indefinite	No amortisation	Acquired
Pacific mastheads	Indefinite	No amortisation	Acquired
Trademark	Finite (10–15 years)	Amortised on a straight line basis over its useful life	Acquired
Pacific licences	Finite (8–25 years)	Amortised on a straight line basis over the period of the licence	Acquired
Program copyrights	Finite (length of contract)	Amortised on a straight line basis over the period of the copyright	Acquired
Computer software	Finite (3–5 years)	Amortised on a straight line basis over its useful life	Acquired

	REF	Licences $'000	Mastheads [A] $'000	Program copyrights $'000	Computer software $'000	Goodwill [B] $'000	Trade-mark $'000	Total $'000
Year ended 24 June 2017								
Opening net book amount		1,388,048	97,542	–	37,385	29,946	41	1,552,962
Additions		–	–	–	11,938	–	12	11,950
Amortisation charge		–	–	–	(10,381)	–	(4)	(10,385)
Acquisition of controlled entity		–	20,834	–	–	3,309	–	24,143
Impairment	[C]	(432,388)	(80,463)	–	(13,588)	(32,329)	–	(558,768)
Closing net book amount		**955,660**	**37,913**	**–**	**25,354**	**926**	**49**	**1,019,902**
Comprised of:								
Cost		*2,355,396*	*251,124*	*20,848*	*91,866*	*1,253,765*	*61*	*3,973,060*
Accumulated amortisation and impairment		*(1,399,736)*	*(213,211)*	*(20,848)*	*(66,512)*	*(1,252,839)*	*(12)*	*(2,953,158)*

Notes to the Financial Statements

For the year ended 24 June 2017

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3.1. Intangible Assets (continued)

	Licences	Mastheads	Program copyrights	Computer software	Goodwill	Trade-mark	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 25 June 2016							
Opening net book amount	1,388,048	97,542	4,000	35,928	29,680	–	1,555,198
Additions	–	–	–	5,788	–	49	5,837
Amortisation charge	–	–	(4,000)	(4,331)	–	(8)	(8,339)
Acquisition of controlled entity	–	–	–	–	266	–	266
Closing net book amount	**1,388,048**	**97,542**	**–**	**37,385**	**29,946**	**41**	**1,552,962**
Comprised of:							
Cost	*2,355,396*	*230,289*	*20,848*	*79,928*	*1,250,457*	*49*	*3,936,967*
Accumulated amortisation and impairment	*(967,348)*	*(132,747)*	*(20,848)*	*(42,543)*	*(1,220,511)*	*(8)*	*(2,384,005)*

A. Masthead additions for the year relate to acquired business assets from Nationwide News Pty Limited, a subsidiary of News Corporation. The business assets acquired include the Sunday Times masthead and its digital edition, the Perth Now Website.

B. Goodwill additions for the year relate to the acquisition of Slim Film & Television Pty Limited on 28th July 2016 which has been subsequently impaired.

C. The Group assessed the recoverable amount for each of the Cash Generating Units ('CGUs') and groups of CGUs being Television, The West (Metro and Regional) and Pacific businesses.

A CGU is the group of assets at the lowest level for which there are separately identifiable cash inflows. CGU groups are an aggregation of CGUs which have similar characteristics.

The impairments were recognised as a result of changes to key assumptions in the Group's cash flow forecasts, these include:

Television

> Medium and long term growth rates for traditional Free to Air television metro advertising market.

The West and Pacific

> Further declines in circulation and advertising revenue in print publishing businesses.

3.1.1 Impairment of non-financial assets

Accounting policy

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units or CGUs). Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

In calculating the value-in-use, the cash flows include projections of cash inflows and outflows from continuing use of the CGU's assets. The cash flows are estimated for the assets of the CGU in their current condition and discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the risks specific to the CGU. The Group uses a 5 year discounted cash flow model based on board approved budgets and forecasts with a terminal growth rate for cash flows beyond the 5 year period.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in profit and loss unless the asset has previously been revalued, in which case the impairment is recognised as a reversal to the extent of that previous revaluation with any excess recognised in the profit and loss.

Key judgements, estimates and assumptions

Goodwill and intangibles with indefinite useful lives are tested annually to determine if they have suffered any impairment in accordance with the Group accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use and fair value less costs to sell approaches. These calculations require the use of estimates and assumptions. Refer to 3.1.1B for details of assumptions used.

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3.1. Intangible Assets (continued)

3.1.1A Allocation of goodwill and indefinite life assets

For the purpose of impairment testing, intangible assets with indefinite lives, including goodwill, are allocated to the Group's operating divisions which represent the lowest level within the Group at which the assets are monitored for internal management purposes.

The table below outlines the allocation of goodwill and indefinite life assets:

Allocation of CGU Groups	Goodwill $'000	Licences, mastheads $'000	Total $'000
Year ended 24 June 2017			
Television	–	938,344	938,344
The West (Metro and Regional)	–	37,913	37,913
Pacific	–	–	–
Radio	926	17,316	18,242
Total goodwill and indefinite life assets	**926**	**993,573**	**994,499**
Year ended 25 June 2016			
Television	141	1,370,732	1,370,873
The West (Metro and Regional)	266	68,629	68,895
Pacific	28,613	28,913	57,526
Radio	926	17,316	18,242
Total goodwill and indefinite life assets	29,946	1,485,590	1,515,536

3.1.1B Impairment review of cash generating units ('CGUs') including goodwill and indefinite life assets

In accordance with the Group's accounting policies, the Group has evaluated whether the carrying amount of a CGU or group of CGUs exceeds its recoverable amount as at 24 June 2017. The Group has determined the CGUs to be Television, The West (Metro and Regional) and Pacific businesses. The recoverable amount is determined using a value-in-use model.

Key components of the calculation and the basis for each CGU are detailed below:

(i) Cash flows

Year 1 cash flows are based upon budgets and forecasts for the next 12 months. Year 2 to 5 cash flows are based on the following assumptions:

Television

- The advertising market growth rates are assumed to be consistent with industry market participant expectations and long-term industry growth rates.
- The Company's share of Metro Free to Air advertising market is assumed to remain stable.
- Expenses are assumed to increase by CPI and known fixed increases for specific program rights.

The West (Metro and Regional) and Pacific

- Publishing revenue has been assumed to decline in line with past performance and management's expectations of market development.
- Digital revenue assumptions are in line with industry trends and management's expectations of market development.
- Expenses are expected to decrease based on committed cost reduction initiatives and volume assumptions.

(ii) Terminal growth factor

A terminal growth factor that estimates the long term growth for that CGU is applied to the year 5 cash flows into perpetuity. These terminal growth rates do not exceed long term expected industry growth rates. The terminal growth factor for each CGU is detailed below.

(iii) Discount rate

The discount rate is an estimate of the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the CGU.

The pre-tax and post-tax discount rates applied to the CGU's cash flows projections are detailed below.

Notes to the Financial Statements

For the year ended 24 June 2017

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3.1. Intangible Assets (continued)

	Terminal growth factor		Discount rate (pre-tax)		Discount rate (post-tax)	
	Jun-17	Jun-16	Jun-17	Jun-16	Jun-17	Jun-16
Television	0.5%	1.5%	13.9%	13.9%	9.3%	9.8%
The West – Metro	0.0%	0.5%	12.0%	13.5%	10.3%	11.0%
The West – Regional	0.0%	0.5%	15.5%	17.7%	10.3%	11.0%
Pacific	0.0%	0.0%	14.0%	16.7%	10.5%	12.0%

3.1.1C Impairment review of Pacific mastheads

In 2017, Pacific mastheads were fully written down to nil. The useful lives was based on the following assumptions:

- Future maintainable revenue forecasts which are based on financial budgets and forecasts approved by management;
- Royalty rates used: New Idea 8.5% and That's Life of 7.5% (June 2016: 10.0% and 10.5%);
- Earnings multiples between 2.0x and 4x (June 2016: 3x and 5x).

3.1.1D Impact of possible changes in key assumptions

The values assigned to the key assumptions represent management's assessment of future performance in each CGU based on historical experience and internal and external sources. The estimated recoverable amounts are highly sensitive to key assumptions.

Following the impairment charges taken in the current financial year, the recoverable amounts for Television, The West (Regional and Metro) and Pacific CGUs are equal to the carrying amounts.

Therefore any adverse movements in key assumptions would lead to changes in carrying amount.

3.2. Property, Plant and Equipment

Accounting policy

Measurement of cost

All property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation

Asset class	Useful Life	Depreciation method used
Land	Indefinite	Not depreciated
Buildings	40 years	Straight line basis
Leasehold Improvements	Finite	Shorter of the life of the lease of each property or the life of the asset
Plant and equipment		
Printing presses and publishing equipment	15 years	Straight line basis to allocate their cost, net of their residual values, over their estimated useful lives
Other plant and equipment	3–10 years	Straight line basis to allocate their cost, net of their residual values, over their estimated useful lives

Impairment of assets

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and these are included in profit or loss.

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3.2. Property, Plant and Equipment (continued)

	Freehold land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Year ended 24 June 2017				
Opening net book value	82,689	4,650	121,758	209,097
Additions	1,278	–	18,467	19,745
Disposals	–	–	(183)	(183)
Depreciation charge	(3,056)	(251)	(31,583)	(34,890)
Impairment	(281)	(531)	(33,353)	(34,165)
Change due to movements in FX rates	–	–	(45)	(45)
Closing net book amount	**80,630**	**3,868**	**75,061**	**159,559**
Comprised of:				
Cost	*122,029*	*19,249*	*308,171*	*449,449*
Accumulated depreciation	*(41,399)*	*(15,381)*	*(233,110)*	*(289,890)*
Year ended 25 June 2016				
Opening net book value	84,955	4,899	129,453	219,307
Additions	1,033	–	25,770	26,803
Disposals	–	–	(67)	(67)
Depreciation charge	(3,299)	(249)	(33,491)	(37,039)
Additions through acquisition of controlled entity	–	–	116	116
Change due to movements in FX rates	–	–	(23)	(23)
Closing net book amount	**82,689**	**4,650**	**121,758**	**209,097**
Comprised of:				
Cost	*121,032*	*19,780*	*323,240*	*464,052*
Accumulated depreciation	*(38,343)*	*(15,130)*	*(201,482)*	*(254,955)*

Key judgements, estimates and assumptions

The estimation of useful life, residual value and depreciation methods require some judgement and are reviewed at least annually. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with carrying amount. These are included in the income statement.

The impairment charge of $34.2m was a result of an overall CGU impairment assessment. Refer to note 3.1.1 for details of assumptions used.

Notes to the Financial Statements

For the year ended 24 June 2017

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3.3. Provisions

Accounting policy

Provisions are:

- recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resource will be required to settle the obligation and the amount can be estimated reliably.
- measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Provision	Description and measurement of provision
[A] **Employee benefits**	Provision for employee benefits includes annual leave, long service leave and short term incentives.
Short-term employee benefits	Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the reporting period in which the employee renders the service. It is measured at the amounts expected to be paid when the liabilities are settled.
Long-term employee benefits	Liability for long service leave which is not expected to be settled within 12 months after the end of the period. It is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.
Short term incentives and bonus plans	A liability is recognised when there is an obligation to settle the liability and at least one of the following conditions is met: > there are formal terms in the plan for determining the amount of the benefit or, > past practice gives clear evidence of the amount of the obligation.
[B] **Redundancy and restructuring**	Redundancy and restructuring provision is recognised when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. It is payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.
[C] **Onerous Contracts**	Provision for onerous contracts represents contracts where, due to changes in market conditions, the expected benefit is lower than the cost for which the Group is currently committed under the terms of the contract. The minimum net obligation under the contract is provided for. The provision is calculated as the net of the estimated economic benefit and the estimate of the committed cost discounted to present values.
[D] **Other**	
Libel Claims	Provision for libel claims against the Group in relation to published material.
Make Good Provision	Make good provision to restore the leased premises of its offices, studios and other premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements.

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3.3. Provisions (continued)

	REF	Employee Benefits [A]	Redundancy & Restructuring [B]	Onerous Contracts [C]	Other [D]	Total
		$'000	$'000	$'000	$'000	$'000
Carrying amount at 25 June 2016		67,389	29,821	24,061	9,751	131,022
Amounts provided		40,127	6,881	143,226	–	190,234
Amounts utilised		(42,137)	(20,009)	(10,083)	(1,500)	(73,729)
Unwind of discount		–	–	1,663	138	1,801
Balance as at 24 June 2017		65,379	16,693	158,867	8,389	249,328
Represented by:						
Current		58,747	16,693	9,101	388	84,929
Non-current		6,632	–	149,766	8,001	164,399
		65,379	16,693	158,867	8,389	249,328

Key judgements, estimates and assumptions

The provision for restructuring and redundancy is in respect of amounts payable in connection with restructuring and redundancies, including termination benefits, on-costs, outplacement and consultancy services.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

The Group has recognised an onerous contract provision in relation to a number of specific non-cancellable purchase contracts for television programs and sporting broadcast rights. The majority of the provision relates to legacy output deals for US content and the Tokyo Olympics. The onerous losses arise over the next six years aligned with the expected broadcast date of the programs and events.

Key assumptions made concerning future events are:

- The economic benefits expected to be received under the contracts is based on the historical benefits received on similar television programming and sports rights, adjusted to reflect the Group's expectation of future growth rates for the advertising market;
- The costs of fulfilling the contract are estimated with reference to contractual rates and historical incremental costs of similar programming assumed to increase by CPI; and
- The expected term of the legacy output deals is estimated based on current US market ratings performance and historical series life of similar programming.

Notes to the Financial Statements

For the year ended 24 June 2017

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SECTION 4

Taxation

4.1. Taxes

Accounting policy

Current taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities at the tax rates and tax laws enacted or substantively enacted by the balance sheet date.

Deferred taxes

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets are unused tax losses, to the extent it is probable that taxable profit will be available to utilise them.

The carrying amount of deferred income tax assets is reviewed at balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise them.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. In making this assessment, the Group considers the tax consequences of recovering assets and liabilities through sale, use and subsequent sale or through use and then abandonment or scrapping of the asset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences at balance sheet date between accounting carrying amounts and the tax bases of assets and liabilities, other than for the following:

- Where they arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- Where taxable temporary differences relate to investments in subsidiaries, associates and interests in joint ventures:
  i. Deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
  ii. Deferred tax assets are not recognised if it is not probable that the temporary differences will reverse in the foreseeable future and taxable profit will not be available to utilise the temporary differences.

Deferred tax liabilities are also not recognised on recognition of goodwill.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Offsetting deferred tax balances

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation

The Company and its wholly owned Australian resident entities are part of a tax consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Seven West Media Limited.

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 Company or its subsidiaries are ultimately assumed by the head entity in the tax consolidated group and are recognised as amounts payable/(receivable) to/(from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts (refer below).

Nature of tax funding 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 to the head entity equal to the current tax liability assumed by the head entity resulting in a related party payable to the head entity equal in amount to the current tax liability assumed. This related party balance 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.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

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4.1. Taxes (continued)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

	2017 $'000	2016 $'000
Tax expense recognised in profit or loss		
Current year tax expense	**(44,137)**	(50,723)
Adjustments for current tax of prior periods	**(5,057)**	1,386
Current tax expense	**(49,194)**	(49,337)
Deferred tax benefit (expense)	**63,056**	(13,769)
Adjustment for deferred tax of prior periods	**7,104**	(18)
Total tax benefit (expense)	**20,966**	(63,124)
Reconciliation of tax expense to prima facie tax payable		
(Loss) profit before tax	**(765,962)**	247,413
Tax at the Australian tax rate of 30% (2016: 30%)	**229,789**	(74,224)
Tax effect of amounts which are not (deductible)/taxable in calculating taxable income:		
Share of net profit (loss) of equity accounted investees	**135**	(3,843)
Deferred tax assets not recognised in relation to impairment of equity accounted investees	**(52,586)**	–
Deferred tax assets not recognised in relation to impairment of assets	**(164,595)**	–
Other changes in recognition of deferred tax assets and liabilities	**1,501**	–
Non-assessable income	**4,063**	
Other non-assessable items	**611**	13,575
Adjustments for tax of prior periods	**2,048**	1,368
Tax benefit (expense)	**20,966**	(63,124)
Tax recognised in other comprehensive income		
Cash flow hedges	**(1,504)**	792
Deferred tax asset not recognised		
Deductible temporary differences	**1,047,437**	846,263

Notes to the Financial Statements

For the year ended 24 June 2017

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4.2. Deferred Tax Assets and Liabilities

Year ended 24 June 2017	Balance 25 June 2016 $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Increase due to acquisition of controlled entity $'000	Balance 24 June 2017 $'000
The balance comprises temporary differences attributable to:					
Trade and other receivables	5,799	1,594	–	–	**7,393**
Program rights and inventories	(137,180)	10,877	–	–	**(126,303)**
Equity accounted investees	(604)	164	–	–	**(440)**
Intangible assets	153	3,792	–	–	**3,945**
Property, plant and equipment	3,988	15,382	–	–	**19,370**
Trade and other payables	18,613	530	–	–	**19,143**
Provisions	39,307	37,012	–	1,875	**78,194**
Deferred income	5,113	844	–	–	**5,957**
Borrowings	(1,274)	1,155	–	–	**(119)**
Cash flow hedges	3,013	-	(1,504)	–	**1,509**
Transaction costs	458	232	–	–	**690**
Other	736	(1,422)	–	–	**(686)**
Net deferred tax (liabilities) assets	(61,878)	70,160	(1,504)	1,875	**8,653**

Year ended 25 June 2016	Balance 27 June 2015 $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Increase due to acquisition of controlled entity $'000	Balance 25 June 2016 $'000
The balance comprises temporary differences attributable to:					
Trade and other receivables	3,970	1,829	–	–	5,799
Program rights and inventories	(127,163)	(10,017)	–	–	(137,180)
Equity accounted investees	(595)	(9)	–	–	(604)
Intangible assets	(405)	558	–	–	153
Property, plant and equipment	3,572	416	–	–	3,988
Trade and other payables	28,070	(9,457)	–	–	18,613
Provisions	34,561	4,746	–	–	39,307
Deferred income	6,485	(1,372)	–	–	5,113
Borrowings	(1,601)	327	–	–	(1,274)
Cash flow hedges	2,221	–	792	–	3,013
Transaction costs	2,396	(1,938)	–	–	458
Other	(394)	1,130	–	–	736
Net deferred tax (liabilities) assets	(48,883)	(13,787)	792	–	(61,878)

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SECTION 5

Capital Management

5.1. Borrowings

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings. Any related accrued interest is included in trade creditors and accruals.

	2017 $'000	2016 $'000
Non-current		
Bank loans – unsecured, net of unamortised refinancing costs	**795,159**	810,752

5.1A Financial arrangements

As at 24 June 2017, the Group had access to unsecured bilateral revolving credit facilities to a maximum of $900,000,000 (2016: $1,100,000,000). The amount of these facilities undrawn at reporting date was $100,000,000 (2016: $285,000,000).

During the year, the Group completed a refinance of its existing syndicated debt facilities. All facilities are currently set to expire in October 2020.

In addition, the Group continues to have access to a $20,000,000 (2016: $20,000,000) multi-option facility with Australia and New Zealand Banking Group Limited. As at reporting date, $8,900,000 of this facility (2016: $8,100,000) was utilised for the provision of bank guarantees.

The unsecured bank loans are net of $4,840,000 refinancing costs (2016: $4,248,000).

The facilities are subject to a weighted average interest rate of 3.56% at 24 June 2017 (2016: 3.34%).

As part of the bilateral facilities, the Group is subject to certain financial covenants measured on a six monthly basis. The Group has been in compliance with its financial covenant requirements to date including the period ending 24 June 2017.

Fair value

The carrying amount and fair value of Group borrowings at the end of the financial year was $795,159,000 (2016: $810,752,000).

Risk exposures

Information about the Group's exposure to interest rate changes is provided in note 5.5.

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5.2. Share Capital

Accounting policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares are fully-paid and have no par value. They carry one vote per share and the right to dividends. They bear no special terms or conditions affecting income or capital entitlements of the shareholders.

	2017 $'000	2016 $'000
1,508,034,368 (2016: 1,507,137,418) Ordinary shares fully paid (refer note 5.2A)	**3,393,546**	3,393,145

5.2A Movements in ordinary share capital

	REF	2017 Shares	2016 Shares	2017 $'000	2016 $'000
Ordinary shares					
Balance at the beginning of the year		**1,507,137,418**	1,512,536,488	**3,393,145**	3,396,847
Movements during the year:					
Shares sold pursuant to cancellation of loan plan		**896,950**	–	**401**	–
Shares issued pursuant to the executive and employee share plans		**–**	30,900	**–**	103
Shares bought back on market		**–**	(5,429,970)	**–**	(3,805)
Movement in ordinary shares		**896,950**	(5,399,070)	**401**	(3,702)
Balance at the end of the year		**1,508,034,368**	1,507,137,418	**3,393,546**	3,393,145
Total shares issued by the Company		**1,508,034,368**	1,508,034,368		
Executive and employee share plans treated as options	[A]	**–**	(896,950)		
Balance included in share capital		**1,508,034,368**	1,507,137,418		

A. There are no outstanding loans pursuant to the executive and employee share plans treated as options as these were cancelled during the year and the shares have been sold.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

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5.3. Dividends

Accounting policy

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

5.3A Dividends paid during the financial year

	2017 $'000	2016 $'000
Final ordinary dividend for the year ended 25 June 2016 of 4 cents per share (27 June 2015: 4 cents), fully franked based on tax paid at 30%, paid on 7 October 2016 (27 June 2015: 9 October 2015)	**60,283**	60,529
Interim ordinary dividend for the year ended 24 June 2017 of 2 cents per share (2016 interim: 4 cents), fully franked based on tax paid at 30%, paid on 13 April 2017 (2016 interim: 11 April 2016)	**30,161**	60,321
	90,444	120,850

5.3B Dividends not recognised at year end

In addition to the above dividends, since year end the directors have declared a 2017 final dividend of 2 cents per ordinary share (2016: 4 cents), fully franked based on tax paid at the rate of 30%. The aggregate amount of the dividend payable on 18 October 2017, but not recognised as a liability at year end, is estimated at:	**30,161**	60,283

5.3C Franked dividends

The franked dividend declared after 24 June 2017 will be franked out of existing franking credits or out of franking credits arising from the receipt of franked dividends and the payment of tax in the year ending 24 June 2017.

	2017 $'000	2016 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2016: 30%)	**20,945**	12,444

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

a. franking credits that will arise from the payment of the current tax liability or receivable;
b. franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
c. franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Notes to the Financial Statements

For the year ended 24 June 2017

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5.4. Share-Based Payments

Accounting policy

Employees of the Group receive remuneration in the form of share based payments, whereby employees render services as consideration for equity instruments.

Share-based compensation benefits are provided to executives and employees in accordance with the Company's share purchase and loan plans and employment agreements.

Equity-settled transactions

The fair value of the rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimate of the number of rights that are expected to vest based on the non-market vesting conditions.

It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

5.4A Performance and share rights granted as compensation

The total expense recognised for share-based payments for all plans during the financial year for the Group was -$202,034 (2016: -$681,988).

The accounting value of share-based payments may be negative where an executive's share-based expense includes cumulative adjustments for changes in non-market vesting conditions.

Long Term Incentive Plans

At 24 June 2017, performance and share rights that remain outstanding are from the 2016 and 2015 Long Term Incentive Plans.

No executives were granted share-based payments rights during the 2017 year.

Short Term Incentive Plans

The Group established a 2017 short term incentive plan that entitles key management personnel to shares based on 50 per cent of the FY17 STI awards. The restricted shares are subject to the condition that the executive remains employed by the Company at the vesting date (as detailed below).

An estimated 282,029 restricted shares will be granted on or about 1 October 2017. The estimated number and fair value of the restricted shares at at 24 June 2017 is based on 50 per cent of the STI pool awarded. The performance period commenced on 26 June 2016 and ends on 30 June 2018.

Key judgements, estimates and assumptions

The Group measures the cost of equity transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a valuation model. The most appropriate valuation model used is dependent on the terms and conditions of the grant. The estimate also requires determination of the most appropriate inputs into the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

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5.5. Capital and Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk, capital risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses derivative financial instruments (interest rate swaps and collars) to hedge certain interest rate risk exposures and forward foreign exchange contracts to hedge certain foreign exchange risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange and aging analysis for credit risk.

5.5A Market risk

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

The key components of market risks are:

(i) Price risk

Price risk refers to the risk of a decline in the value of a security or a portfolio. The Group is not exposed to significant price risk.

(ii) Interest rate risk

Interest rate risk refers to the risks that the value of a financial instrument or its associated cash flows will fluctuate in response to changes in market interest rates. The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates.

The Group's main interest rate risk arises from long-term borrowings. Borrowings sourced at variable rates expose the Group to cash flow interest rate risk. The Group has mitigated this interest rate risk by entering into derivative transactions, including interest rate swaps.

As at the end of the reporting period the Group had the following instruments:

Variable rate instruments	**2017** $'000	**2016** $'000
[A] Cash at bank, on hand and at call	**69,490**	94,788
Weighted average interest rate	**2.06%**	2.49%
[B] External borrowing facilities	**800,000**	815,000
Weighted average interest rate	**3.56%**	3.34%
[C] Interest Rate Swaps		
Total Hedged	**200,000**	500,000
% of debt hedged	**25%**	61%
Weighted average interest rate	**2.78%**	2.98%
Expiry date	**June 2021**	Various to June 2019
Total amount of debt hedged	**25%**	61%
Net exposure to cash flow interest rate risk	**530,510**	220,212

The changes in fair value of cash flow hedges during the year amounts to a pre-tax increase in equity of $5,011,000 (2016: pre-tax reduction in equity of $2,640,000).

There are no receivables on derivatives at balance date and the Group's current receivables generally do not bear interest.

There are no fixed rate instruments in place as at 24 June 2017.

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For the year ended 24 June 2017

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5.5. Capital and Financial Risk Management (continued)

Group sensitivity

Based on the Group's outstanding floating rate borrowings and interest rate swaps at 24 June 2017, a change in interest rates of +/- 1% per annum with all other variables remaining constant would impact equity and after tax profit by the amounts shown below.

This analysis assumes that all other variables remain constant.

	Net Profit/(Loss)		Reserves		Net Equity	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
If interest rates were 1% higher with all other variables held constant:						
(Decrease)/increase	**(4,200)**	(2,205)	**4,874**	4,960	**674**	2,755
If interest rates were 1% lower with all other variables held constant:						
Increase/(decrease)	**4,200**	2,205	**(5,106)**	(5,090)	**(906)**	(2,885)

(iii) Foreign exchange risk

Foreign exchange 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 transactional currency risk; such exposure arises from sales or purchases by an operating unit in currencies other than the unit's measurement currency. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. The terms of the forward currency contracts have been negotiated to match the terms of the commitments. The foreign currency contracts are being used to reduce the exposure to the foreign exchange risk.

As at the end of the reporting period, the Group had the following exposure to foreign exchange risk:

	2017 $'000	2016 $'000
Receivables:		
Foreign exchange receivables and forward contracts	**3,710**	24,032
Payables:		
Foreign exchange payables and forward contracts	**(3,610)**	(24,554)
Net exposure	**100**	(522)

Group sensitivity

Based on the Group's financial instruments held at 24 June 2017, had the Australian dollar weakened/strengthened by 10% against the US dollar, Euro, UK pound and New Zealand dollar, with all other variables held constant, the Group's equity and after tax profit for the year would not have changed significantly (2016: no significant impact). The analysis was performed on the same basis as 2016 and ignores any impact of forecasted sales and purchases.

5.5B 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 credit exposures to customers, cash and cash equivalents and derivative financial instruments.

Credit risk is managed on a Group basis. The Group limits its exposure in relation to cash balances and derivative financial instruments by only dealing with well-established financial institutions of high quality credit standing. For other customers, risk control assesses the credit quality, taking into account financial position, past experience and other factors. The utilisation of credit limits are regularly monitored.

5.5C 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flow and monitoring the Group's liquidity reserve on the basis of these cash flow forecasts. In addition, the Group had access to total debt funding under its bilateral facilities equal to $900,000,000 of which only $800,000,000 is drawn at reporting date.

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5.5. Capital and Financial Risk Management (continued)

Maturities of financial liabilities

The table analyses the Group's financial liabilities including interest to maturity into relevant groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted principal and interest cash flows and therefore may not agree with the carrying amounts in the statement of financial position. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

	Less than one year $'000	Between 1 and 5 years $'000	Total contractual cash flows $'000	Carrying amount – liabilities $'000
At 24 June 2017				
Non-derivative financial liabilities				
Trade and other payables	166,348	4,512	170,860	297,785
Unsecured loans	28,954	865,478	894,432	795,159
Total non-derivatives	195,302	869,990	1,065,292	1,092,944
Derivative financial liabilities				
Net settled interest rate swaps and collar	2,165	6,314	8,479	5,872
Gross settled forward foreign exchange contracts – cash flow hedges:				
• (inflow)	(3,710)	–	(3,710)	(116)
• outflow	3,610	–	3,610	–
Total derivatives	2,065	6,314	8,379	5,756
Total financial liabilities	**197,367**	**876,304**	**1,073,671**	**1,098,700**

	Less than one year $'000	Between 1 and 5 years $'000	Total contractual cash flows $'000	Carrying amount – liabilities $'000
At 25 June 2016				
Non-derivative financial liabilities				
Trade and other payables	199,845	13,725	213,570	357,228
Unsecured loans	27,169	850,752	877,921	810,752
Total non-derivatives	227,014	864,477	1,091,491	1,167,980
Derivative financial liabilities				
Net settled interest rate swaps and collar	4,887	4,747	9,634	9,920
Gross settled forward foreign exchange contracts – cash flow hedges:				
• (inflow)	(24,032)	–	(24,032)	–
• outflow	24,554	–	24,554	–
Total derivatives	5,409	4,747	10,156	9,920
Total financial liabilities	**232,423**	**869,224**	**1,101,647**	**1,177,900**

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5.5. Capital and Financial Risk Management (continued)

5.5D Fair value measurement

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying amounts of financial instruments disclosed in the statement of financial position approximate to their fair values.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

a. quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
b. inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
c. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Assets or liabilities measured and recognised at fair value through profit and loss are the assets/liabilities recognised in relation to interest rate cash flow hedges and foreign exchange cash flow hedges amounting to $5,756,000 (2016: $9,920,000).

The fair values of these derivatives (classified as level 2 in the fair value measurement hierarchy) are measured with reference to forward interest rates and exchange rates and the present value of the estimated future cash flows.

Investments of some equity accounted investees are measured at fair value (level 3) refer note 6.1.

5.5E Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Capital consists of ordinary shares and retained earnings of the Group. The Board of directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's net debt to adjusted equity ratio at the reporting date was as follows:

	2017 $'000	2016 $'000
Total unsecured bank facility	**800,000**	815,000
Less: unamortised refinancing costs	**(4,840)**	(4,248)
Less: cash and cash equivalents	**(69,490)**	(94,788)
Net Debt	**725,670**	715,964
Total Equity	**418,909**	1,252,541
Add back: Amounts accumulated in equity relating to cash flow hedges	**3,523**	7,030
Adjusted equity	**422,432**	1,259,571
Net debt to adjusted equity ratio	**172%**	57%

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SECTION 6

Group Structure

6.1. Equity Accounted Investees

	2017 $'000	2016 $'000
Non-current		
Investments in associates and jointly controlled entities	**51,362**	216,010

Accounting policy

An associate is an entity, other than a subsidiary, over which the Group has significant influence but not control. Significant influence is the power to participate in the financial and operating decisions of the entity with shareholding generally being between 20 per cent and 50 per cent of the voting rights.

A jointly controlled entity is an entity in which the Group holds an interest under a contractual arrangement where the Group and one or more other parties undertake an economic activity that is subject to joint control.

Measurement

Interests in associates and jointly controlled entities are accounted for using the equity method. They are initially recognised at cost plus the investor's share of retained post-acquisition profits, impairment and other changes in net assets, until significant influence or joint control ceases.

Dividends received or receivable from equity accounted investees are recognised in the consolidated financial statements as a reduction in the carrying amount of the investment.

When the Group's share of losses equals or exceeds its interest in an equity accounted investee, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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6.1. Equity Accounted Investees (continued)

Information relating to associates and jointly controlled entities is set out in the tables below:

Name of entity	REF	Principal activities	Reporting date	Ownership interest 2017 %	Ownership interest 2016 %
Airline Ratings Pty Limited		Ratings service provider	30 June	**50.0**	50.0
Australian News Channel Pty Limited	[A]	Pay TV channel operator	30 June	**–**	33.3
7Beyond Media Rights Limited		Television production	30 June	**50.0**	50.0
Bulls N' Bears Holdings Pty Ltd	[B]	Public company news provider	30 June	**50.0**	–
Community Newspaper Group Limited		Newspaper publishing	30 June	**49.9**	49.9
Draftstars Pty Ltd	[C]	Fantasy sports platform	30 June	**33.3**	–
Epicfrog Pty Limited (trading as Nabo)	[D]	Online social network	30 June	**29.6**	25.2
Evolink Pty Ltd (trading as Muzz Buzz Express)	[E]	Drive-through coffee franchise	30 June	**50.0**	–
Health Engine Pty Limited	[F]	Online health directory	30 June	**16.3**	24.0
New You Group Pty Limited (trading as Kochie Money Makeover)		Provider of general financial advice	30 June	**50.0**	50.0
Newzulu Limited	[G]	Online news provider	30 June	**21.9**	–
Oscar Winter Pty Limited	[H]	Online retail jewellery business	30 June	**33.3**	–
Oztam Pty Limited		Ratings service provider	31 December	**33.3**	33.3
Presto TV Pty Limited	[I]	SVOD service provider	30 June	**–**	50.0
Starts at 60 Pty Limited	[J]	Online social network for seniors	30 June	**35.3**	35.3
TX Australia Pty Limited		Transmitter facilities provider	30 June	**33.3**	33.3
Yahoo Australia & New Zealand (Holdings) Pty Limited		Internet content provider	31 December	**50.0**	50.0

A. Investment in Australian News Channel Pty Limited was disposed of in December 2016.
B. Seven West Media acquired 50.0% shareholding in Bulls N' Bears Holdings Pty Ltd.
C. Seven West Media acquired 33.3% shareholding in Draftstars Pty Ltd on 12 September 2016.
D. Following a capital raising by Epicfrog Pty Limited, the shareholding in this investment increased from 25.2% to 29.6%.
E. Seven West Media acquired 50.0% shareholding in Evolink Pty Ltd.
F. Following a capital raising by Health Engine Pty Limited, the shareholding in this investment was diluted from 24.0% to 16.3%.
G. Following a capital raising by Newzulu Limited, the shareholding in this investment increased from 19.9% to 21.9% and has been equity accounted from that date.
H. Seven West Media acquired 33.3% shareholding in Oscar Winter Pty Limited on 8 December 2016.
I. Investment in Presto TV Pty Limited was disposed of on 4 October 2016.
J. Seven West Media acquired 35.3% shareholding in Starts at 60 Pty Limited on 8 February 2016.

6.1A Significant Equity Accounted Investees

Yahoo Australia and New Zealand (Holdings) Pty Limited

Investment	A jointly controlled entity with Yahoo Inc of which the Group has a 50% interest shareholding. Yahoo7 is a web portal providing e-mail, online news, lifestyle content, catch up TV services as well as weather, travel and retail comparison services.
Principal place of business/ Country of incorporation	Australia
Accounting treatment	Equity method

The following is summarised financial information of the investment, and reconciliation with the carrying amount of the investment in the consolidated financial statements. All amounts shown are 100% unless otherwise stated. There is no other comprehensive income recognised in the below numbers.

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6.1. Equity Accounted Investees (continued)

	REF	2017 $'000	2016 $'000
Revenue		**77,138**	91,627
Net profit for the year (continuing operations)	[A]	**10,591**	17,553
Group's 50% share of profit for the year		**5,295**	8,777
Current assets	[B]	**36,045**	34,566
Non-current assets		**76,247**	75,386
Current liabilities		**(16,792)**	(15,383)
Non-current liabilities		**(19,552)**	(2,570)
Net assets		**75,948**	91,999

A. Includes depreciation and amortisation of $4,233,000 (2016: $4,515,000) and income tax expense of $4,889,000 (2016: $8,585,000). Interest expense and income for both reporting periods is not significant.

B. Includes cash and cash equivalents of $19,292,000 (2016: $12,488,000).

There are no current or non-current financial liabilities (excluding trade and other payables and provisions).

	2017 $'000	2016 $'000
Movements in carrying amount of the investment in Yahoo7		
Carrying amount at the beginning of the financial year	**200,779**	200,002
Impairment of equity accounted investees (refer note 1.4)	**(154,695)**	–
Share of profit of investees after tax	**5,295**	8,777
Dividends received	**(5,000)**	(8,000)
Carrying amount of the investment at the end of the financial year	**46,379**	200,779

The carrying amount of the investment is based on the fair value of investees at acquisition date adjusted for equity accounted profits, dividends, impairments and any other movement since acquisition.

In accordance with the Group's accounting policies, the Group performs its impairment testing at least annually at June for its investments or when indicators of impairment exist.

Following a formal impairment assessment at December 2016 and June 2017, the Group recorded a total impairment charge of $154.7 million ($75.5 million in December 2016 and $79.2 million in June 2017). The impairment charge was a result of the following factors:

- Change in contractual arrangements between Seven and Yahoo7 relating to long form catch up television service following Verizon Inc's acquisition of Yahoo Inc.
- Acceleration in the decline of the premium display market.

The recoverable amount was calculated using a 5 year cash flow value-in-use model based upon budgets and forecasts using a pre-tax discount rate of 11.6% and a terminal value growth rate of 3.0%. In the prior year, valuation of this investment was performed using an EBITDA multiple approach, based on approved budgets and a multiple which was assessed against a range of comparable companies. This was a level 3 approach under the accounting standard *AASB 13 Fair Value Measurement*.

The investment has been impaired to its recoverable value and any changes in assumptions will result in further impairment.

	2017 $'000	2016 $'000
Group's share of net assets (50%)	**37,974**	46,000
Fair value adjustment of acquisition and subsequent impairment	**8,405**	154,779
Carrying amount of the investment at end of the financial year	**46,379**	200,779

There are no significant capital commitments or contingent liabilities held by or owed by this equity accounted investee as at reporting date.

Notes to the Financial Statements

For the year ended 24 June 2017

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6.1. Equity Accounted Investees (continued)

6.1B Other Equity Accounted Investees

Below is the summarised financial information for the Group's remaining associates and jointly controlled investments. All amounts shown are 100% unless otherwise stated.

	REF	2017 $'000	2016 $'000
Net loss for the year (continuing operations)		**(15,229)**	(29,185)
Group's share of loss for the year	[A]	**(4,846)**	(21,588)

A. Share of profit is based on ownership percentage ranging from 16.3% to 50% for each equity accounted investee.

	2017 $'000	2016 $'000
Movements in carrying amount of other equity accounted investees		
Carrying amount at the beginning of the financial year	**15,231**	14,319
Impairment of equity accounted investees (refer note 1.4)	**(21,340)**	–
Share of loss of investees after tax	**(4,846)**	(21,588)
Dividends received	**(1,280)**	(4,375)
Acquisitions and other movements	**17,218**	26,875
Carrying amount of the investments at the end of the financial year	**4,983**	15,231

The carrying amount of each investment is based on the fair value of investments at acquisition date adjusted for equity accounted profits, dividends, impairments and any other movement since acquisition.

6.2. Investments in Controlled Entities

Accounting policy

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Seven West Media Limited as at 24 June 2017 and the results of all subsidiaries for the year then ended. Seven West Media Limited and its subsidiaries together are referred to in this financial report as the "Group."

The consolidated entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

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6.2. Investments in Controlled Entities (continued)

Name of entity	Notes	Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
7Wonder Productions Limited		United Kingdom	**50**	**50**
Albany Advertiser Pty Ltd	[A]	Australia	**100**	100
Australian National Television Pty Limited	[C]	Australia	**100**	100
Australian Regional Broadcasters Pty Ltd	[A]	Australia	**100**	100
Australian Television International Pty Limited	[C]	Australia	**100**	100
Australian Television Network Limited	[C]	Australia	**100**	100
Bluegem Holdings Pty Ltd (Trading as TriEvents)		Australia	**80**	80
Channel Seven Adelaide Pty Limited	[C]	Australia	**100**	100
Channel Seven Brisbane Pty Limited	[C]	Australia	**100**	100
Channel Seven Melbourne Pty Limited	[C]	Australia	**100**	100
Channel Seven Perth Pty Limited	[C]	Australia	**100**	100
Channel Seven Queensland Pty Limited	[C]	Australia	**100**	100
Channel Seven Sydney Pty Limited	[C]	Australia	**100**	100
Cobbittee Publications Pty Limited	[C]	Australia	**100**	100
Colorpress Australia Pty Ltd	[A]	Australia	**100**	100
ColourPress Pty Ltd	[A]	Australia	**100**	100
ComsNet Pty Ltd	[A]	Australia	**100**	100
Dansted and McCabe Holdings Pty Ltd	[A]	Australia	**100**	100
Dodds Street Properties Pty Limited	[C]	Australia	**100**	100
Faxcast Australia Pty Limited	[C]	Australia	**100**	100
Geraldton FM Pty Ltd	[A]	Australia	**100**	100
Geraldton Newspapers Pty Ltd	[A]	Australia	**100**	100
Great Northern Broadcasters Pty Ltd	[A]	Australia	**100**	100
Harlesden Investments Pty Ltd	[A]	Australia	**100**	100
Herdsman Print Centre Pty Ltd	[A]	Australia	**100**	100
Herdspress Leasing Pty Ltd	[A]	Australia	**100**	100
Hocking & Co. Pty Ltd	[A]	Australia	**100**	100
Hybrid Television Services (ANZ) Pty Limited	[I]	Australia	**100**	100
Impact Merchandising Pty Limited	[E]	Australia	**100**	100
Jupelly Pty Limited	[C]	Australia	**100**	100
Kenjins Pty Limited	[C]	Australia	**100**	100
Media Beach Pte. Limited		Singapore	**50**	50
North West Radio Pty Ltd	[A]	Australia	**100**	100
Pacific MM Pty Limited	[C]	Australia	**100**	100
Pacific Magazines Pty Limited	[C]	Australia	**100**	100
Pacific Magazines Trust		Australia	**100**	100
Pacific Magazines (No. 2) Pty Limited	[C]	Australia	**100**	100
Pacific Magazines NZ Limited		New Zealand	**100**	100
Pacific Magazines NZ Merchant Company Limited		New Zealand	**100**	100
Pacific Magazines (PP) Pty Ltd	[C]	Australia	**100**	100

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6.2. Investments in Controlled Entities (continued)

Name of entity	Notes	Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
Pacific Magazines (PP) Holdings Pty Ltd	[C]	Australia	**100**	100
Pacific Magazines (WHO) Pty Ltd		Australia	**100**	100
Quokka Press Pty Ltd	[A]	Australia	**100**	100
Quokka West Pty Ltd	[A]	Australia	**100**	100
Red Music Publishing Pty Limited	[D]	Australia	**100**	100
Red Publishing Pty Limited	[C]	Australia	**100**	100
Redwave Media Pty Ltd	[A]	Australia	**100**	100
Riverlaw Holdings Pty Limited	[A]	Australia	**100**	100
Seven DS Holdings Pty Ltd	[I]	Australia	**100**	–
Seven Facilities Pty Ltd	[H]	Australia	**100**	100
Seven Magazines Pty Limited	[C]	Australia	**100**	100
Seven Network (Operations) Limited	[C]	Australia	**100**	100
Seven Network Programming Pty Limited	[C]	Australia	**100**	100
Seven Productions NZ Limited		New Zealand	**100**	–
Seven Regional Operations Pty Limited	[C]	Australia	**100**	100
Seven Rights Pty Ltd	[J]	Australia	**100**	–
Seven Satellite Operations Pty Limited	[G]	Australia	**100**	100
Seven Satellite Pty Limited	[C]	Australia	**100**	100
Seven Studios Distribution Pty Ltd	[J]	Australia	**100**	–
Seven Studios Holdings Pty Ltd	[I]	Australia	**100**	–
Seven Studios Pty Limited (formerly known as Seven Productions Pty Ltd)	[F]	Australia	**100**	100
Seven Television Australia Limited	[C]	Australia	**100**	100
Seven West Media Investments Pty Limited	[C]	Australia	**100**	100
Slim Film & TV Limited		United Kingdom	**25**	–
SMG H1 Pty Limited	[B]	Australia	**100**	100
SMG H2 Pty Limited	[B]	Australia	**100**	100
SWM Finance Pty Limited	[B]	Australia	**100**	100
SWM Media Holdings Pty Ltd	[I]	Australia	**100**	100
SMG H4 Pty Limited	[C]	Australia	**100**	100
SMG H5 Pty Limited	[C]	Australia	**100**	100
South West Printing and Publishing Company Ltd	[A]	Australia	**100**	100
Southdown Publications Pty Limited	[C]	Australia	**100**	100
Spirit Radio Network Pty Ltd	[A]	Australia	**100**	100
Sunshine Broadcasting Network Limited	[C]	Australia	**100**	100
The Pacific Plus Company Pty Limited	[C]	Australia	**100**	100
W.A. Broadcasters Pty Ltd	[A]	Australia	**100**	100
WAN Cinemas Pty Limited	[A]	Australia	**100**	100
West Australian Entertainment Pty Ltd	[A]	Australia	**100**	100
West Australian Newspapers Limited	[A]	Australia	**100**	100

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6.2. Investments in Controlled Entities (continued)

Name of entity	Notes	Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
West Central Seven Limited	[C]	Australia	**100**	100
Western Mail Pty Ltd	[A]	Australia	**100**	100
Western Mail Operations Pty Ltd	[A]	Australia	**100**	100
Westroyal Pty Ltd	[A]	Australia	**100**	100
Wide Bay – Burnett Television Limited	[C]	Australia	**100**	100
Zangerside Pty Limited	[C]	Australia	**100**	100
Zed Holdings Pty Limited	[C]	Australia	**100**	100

The class of all shares is ordinary and the entities entered into the Deed of Cross Guarantee with Seven West Media Limited under ASIC Corporations (wholly-owned companies) instrument 2016/785 by Assumption Deed was on 8 April 2004. The dates below show when the deed was amended:

A. Prior to 30 June 2009.
B. 20 June 2011.
C. 26 June 2012.
D. 18 April 2013.
E. 30 September 2013.
F. 1 May 2015.
G. 16 June 2015.
H. 31 March 2016.
I. 1 December 2016.
J. 12 May 2017.

Pursuant to ASIC Corporations (wholly-owned companies) instrument 2016/785, certain wholly-owned subsidiaries, as noted above, 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 'Holding Entity' and each of the wholly-owned subsidiaries enter into a Deed of Cross Guarantee under which each company guarantees the debts of the others.

Seven West Media Limited and its subsidiaries represent a 'Closed Group' for the purposes of the Seven West Media Limited Class Order, and as there are no other parties to its Deed of Cross Guarantee that are controlled by Seven West Media Limited, they also represent the 'Extended Closed Group.'

Notes to the Financial Statements

For the year ended 24 June 2017

6.2. Investments in Controlled Entities (continued)

The consolidated statement of profit or loss and other comprehensive income for the year ended 24 June 2017 of the Seven West Media Limited Closed Group is presented below according to the Class Order:

	2017 $'000	2016 $'000
Statement of profit or loss and other comprehensive income		
Revenue	**1,653,542**	1,703,163
Other income	**5,415**	6,142
Revenue and other income	**1,658,957**	1,709,305
Expenses	**(1,390,351)**	(1,410,820)
Impairment of intangible assets	**(558,768)**	–
Impairment of investments and other assets	**(276,435)**	–
Redundancy and restructure costs	**(6,881)**	–
Onerous contracts	**(139,582)**	–
Net loss on disposal of investments	**(7,138)**	–
Share of net profit (loss) of equity accounted investees	**449**	(12,811)
(Loss) profit before net finance costs and tax	**(719,749)**	285,674
Finance costs	**(40,367)**	(41,707)
Finance income	**1,488**	3,927
(Loss) profit before tax	**(758,628)**	247,894
Tax benefit (expense)	**19,488**	(62,773)
Loss (profit) for the year	**(739,140)**	185,121
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	**5,011**	(2,640)
Exchange differences on translation of foreign operations	**(810)**	(41)
Tax relating to items that may be reclassified subsequently to profit or loss	**(1,504)**	792
Other comprehensive income (expense) for the year, net of tax	**2,697**	(1,889)
Total comprehensive (expense) income for the year attributable to owners of the Company	**(736,443)**	183,232

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6.2. Investments in Controlled Entities (continued)

The consolidated statement of financial position for the year ended 24 June 2017 of the Seven West Media Limited Closed Group is presented below according to the Seven West Media Limited Class Order:

	2017 $'000	2016 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**66,053**	94,775
Trade and other receivables	**278,703**	289,677
Current tax receivable	**3,542**	–
Program rights and inventories	**186,224**	234,254
Other assets	**3,809**	6,447
Total current assets	**538,331**	625,153
Non-current assets		
Program rights	**2,559**	29,205
Equity accounted investees	**51,362**	214,429
Other investments	**20,436**	23,147
Property, plant and equipment	**159,216**	208,691
Intangible assets	**1,019,833**	1,552,902
Deferred tax assets	**8,476**	–
Other assets	**4,181**	3,873
Total non-current assets	**1,266,063**	2,032,247
Total assets	**1,804,394**	2,657,400
LIABILITIES		
Current liabilities		
Trade and other payables	**273,479**	318,147
Provisions	**84,802**	98,295
Deferred Income	**36,329**	34,224
Current tax liabilities	**–**	4,886
Total current liabilities	**394,610**	455,552
Non-current liabilities		
Trade and other payables	**24,053**	39,324
Provisions	**164,399**	32,727
Deferred income	**4,456**	8,474
Deferred tax liability	**–**	61,866
Borrowings	**795,159**	810,752
Total non-current liabilities	**988,067**	953,143
Total liabilities	**1,382,677**	1,408,695
Net assets	**421,717**	1,248,705
EQUITY		
Share capital	**3,335,811**	3,387,900
Reserves	**(51,016)**	(3,502)
Non-controlling interest	**(1,088)**	–
Accumulated deficit	**(2,861,990)**	(2,135,693)
Total equity	**421,717**	1,248,705

Notes to the Financial Statements

For the year ended 24 June 2017

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6.3. Parent Entity Financial Information

Accounting policy

The financial information for the Parent Entity, Seven West Media Limited, has been prepared on the same basis as the consolidated financial statements, except for:

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment losses in the financial statements.

(ii) Dividends received

Dividends received from subsidiaries are recognised in profit and loss.

(iii) Financial guarantees

Where the Parent Entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

6.3A. Summary of financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

	Parent entity	
	2017	2016
	$'000	$'000
Financial position of parent entity at year end		
Current assets	**3,976**	–
Total assets	**421,300**	1,318,352
Current liabilities	**1,261**	6,105
Total liabilities	**1,261**	6,105
Total equity of the parent entity comprising of;		
Share capital	**3,393,546**	3,393,145
Reserves		
Asset revaluation reserve	**8,352**	8,352
Equity compensation reserve	**3,270**	3,472
Accumulated deficit	**(3,455,601)**	(2,593,355)
Profits reserve	**470,472**	500,633
	420,039	1,312,247
Result of parent entity		
(Loss) profit for the year	**(801,963)**	210,006
Total comprehensive (expense) income for the year	**(801,963)**	210,006

6.3B. Guarantees entered into by the parent entity

The Parent Entity has provided financial guarantees in respect of borrowings of a subsidiary amounting to $nil (2016: $nil).

There are cross guarantees given by Seven West Media Limited and its subsidiaries described in note 6.2.

6.3C. Contingent liabilities of the parent entity

The Parent Entity did not have any contingent liabilities as at 24 June 2017 or 25 June 2016.

6.3D. Contractual commitments for the acquisition of property, plant or equipment

The Parent Entity had no contractual commitments for the acquisition of property, plant or equipment as at 24 June 2017 or 25 June 2016.

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6.4. Business Combination

Accounting policy

Accounting for acquisitions and business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Acquisitions in 2017

Acquisition of Businesses from Nationwide News Pty Limited

Seven West Media Limited acquired the Businesses from Nationwide News Pty Limited, a subsidiary of News.

The acquired Businesses include the Sunday Times newspaper and its digital edition and the Perth Now website. The acquired business assets include the mastheads, domain names, websites and certain key personnel required to operate the Sunday Times and Perth Now publications.

SWM acquired the Businesses with completion occurring on 16 November 2016.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

	REF	2017 $'000
Assets		
Intangibles	[A]	**19,432**
Deferred Tax Assets	[B]	**1,811**
Total Assets		**21,243**
Liabilities		
Provisions	[C]	**6,058**
Deferred Income		**192**
Total Liabilities		**6,250**
Total identifiable net assets at fair value		**14,993**
Purchase consideration transferred		**14,993**

A. The intangibles acquired include the Sunday Times masthead and its digital edition, the PerthNow Website.

B. The deferred tax asset mainly comprises the tax effect of onerous provision.

C. Provisions relate to employee and onerous contract on content sharing agreement.

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6.5. Related Party Transactions

6.5A Transactions with related parties

The following transactions occurred with related parties during the financial year:

	2017 $'000	2016 $'000
Sale of goods, advertising and other services		
Equity accounted investees	**12,658**	13,039
Other related entities	**1,681**	769
Purchase of goods, advertising and other services		
Equity accounted investees	**10,710**	8,393
Other related entities	**2,349**	1,606
Shareholder contribution		
Equity accounted investees	**9,610**	11,990
Other related entities	**153**	199

6.5B Outstanding balances arising from sales/purchases of goods, advertising and other services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2017 $'000	2016 $'000
Current receivables (sale of goods, advertising and other services)		
Equity accounted investees	**1,939**	1,625
Other related entities	**6**	–
Current payables (purchase of goods, advertising and other services)		
Equity accounted investees	**1,218**	1,808
Other related entities	**214**	119

(i) There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

6.5C Parent entity

Seven West Media Limited is the ultimate Australian parent entity within the Group. There are no financial guarantees in respect of borrowings of a subsidiary, no contingent liabilities and no contractual commitments.

6.5D Subsidiaries

Interests in subsidiaries are set out in note 6.2.

6.5E Key management personnel

A number of Directors of Seven West Media Limited also hold directorships with other corporations which provide and receive goods or services to and from Seven West Media Group in the ordinary course of business on normal terms and conditions. None of these Directors derive any direct personal benefit from the transactions between Seven West Media Group and these corporations.

Transactions were entered into during the financial year with the Directors of Seven West Media Limited and its controlled entities or with Director-related entities, which:

i. occurred within a normal customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the Director or Director-related entity at arm's length in the same circumstances;
ii. do not have the potential to adversely affect decisions about the allocation of scarce resources or discharge the responsibility of the Directors; or
iii. are minor or domestic in nature.

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6.5. Related Party Transactions (continued)

The following transactions occurred with Key Management Personnel (KMP) related parties:

	2017 $'000	2016 $'000
Revenues	**15**	–
Expenses	**1,410**	1,681

There were no receivable or payable balances at 24 June 2017 relating to transactions with KMP related parties that have not already been disclosed in the prior tables.

Terms and conditions

Transactions were made on normal commercial terms and conditions.

Key management personnel compensation

In addition to their salaries, the Group also provides non-cash benefits to Directors and executive officers, and contributes to a post-employment superannuation fund on their behalf (refer to the remuneration report on pages 70 to 86).

Executive officers also participate in the Group's Equity Incentive Plan for 2015 and 2016 (refer note 5.4).

No executives were granted share-based payments rights during 2017.

	2017 $'000	2016 $'000
Key management personnel compensation		
Short-term employee benefits	**9,366**	10,822
Post-employment benefits		
Superannuation	**267**	283
Termination benefits	**210**	–
Share-based payments	**(103)**	(682)
Other long term benefits	**145**	175
	9,885	10,598

Detailed remuneration disclosures in respect of Directors and each member of key management personnel are provided in the remuneration report on pages 70 to 86.

Other transactions with key management personnel

Apart from the details disclosed in this note, no Director or KMP has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' or KMP interests existing at year end.

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SECTION 7

Other

7.1. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices.

	2017 $	2016 $
Auditors of the Company - KPMG		
(i) Audit and other assurance services		
Audit or review of the financial statements	**575,875**	429,000
Other audit and assurance services	**90,529**	165,177
Total remuneration for audit and other assurance services	**666,404**	594,177
(ii) Other services		
Other advisory services	**13,764**	12,755
Total remuneration of KPMG Australia	**680,168**	606,932

7.2. Contingent Liabilities

Contingent liabilities

The Group's tax liabilities have been calculated based on currently enacted legislation. Any changes to the tax law or interpretations (including proposed changes already announced) may require changes to the calculation of the tax balances shown in the financial statements.

Participation in media involves particular risks associated with defamation litigation and litigation to protect media rights. The nature of the Group's activities is such that, from time to time, claims are received or made by the Group. The directors are of the opinion that there are no material claims that require disclosure of such a contingent liability.

7.3. Events Occurring After The Reporting Date

In the interval between the end of the financial year and the date of this report there has not arisen 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 Group, the results of these operations, or the state of affairs of the Group, currently or in future financial years.

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7.4. Summary of Other Significant Accounting Policies

Other significant accounting policies

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars (AUD), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges.

Finance income and costs

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. It comprises income on funds invested and fair value gains on financial assets at fair value through profit or loss.

Finance costs comprise interest expense on borrowings, the ineffective portion of cash flow hedges and fair value losses on financial assets at fair value through profit or loss.

Other investments and other financial assets

Unlisted equity securities are available for sale non-derivative assets in which the Group does not have significant influence or control. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Financial assets are subsequently carried at fair value or cost if fair value cannot be reliably measured. Unrealised gains and losses arising from changes in their fair value are recognised in other comprehensive income or profit and loss.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses from investment securities.

The fair value of quoted investments are based on current bid prices. For financial assets in a market that is not active and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

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For the year ended 24 June 2017

7.4. Summary of Other Significant Accounting Policies (continued)

Other significant accounting policies (continued)

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

New accounting standards and interpretations

A number of new accounting standards have been issued or amended but were not effective during the year ended 24 June 2017. The Group has elected not to early adopt any of these new standards or amendments in these financial statements.

AASB 15 Revenue from Contracts with Customers

This Standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard is mandatory for financial years commencing on or after 1 January 2018. At this stage, the group does not intend to adopt the standard before its effective date.

The impact of AASB 15 Revenue from Contracts with Customers is not expected to be significant given current assessments by management,however it is expected that it will require some minor development of current reporting systems and processes. Market developments and any further guidance issued with respect to this standard will continue to be monitored.

AASB 9 Financial Instruments

This standard addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The new standard also introduces expanded disclosure requirements and changes in presentation. This standard must be applied for financial years commencing on or after 1 January 2018.

The Group believes AASB 9 will not have a material impact to its financial statement.

The Group has yet to fully assess the impact of the following accounting standards and amendments to accounting standard will have on the financial statements, when applied in future periods:

- IFRS 16 Leases (effective for annual reporting periods beginning on or after 1 January 2019).
- IAS 12 Income Taxes (effective for annual reporting periods beginning on or after 1 January 2019).

Other standards and interpretations that have been issued but are not yet effective are not expected to have any significant impact on the Group's financial statements in the year of their initial application.

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Directors' Declaration

To the members of Seven West Media Limited

For the Year Ended 24 June 2017

1. In the opinion of the Directors of Seven West Media Limited (the Company):

   a. the consolidated financial statements and notes that are set out on pages 88 to 138 are in accordance with the *Corporations Act 2001*, including:

      i. giving a true and fair view of the Group's financial position as at 24 June 2017 and of its performance for the financial year ended on that date; and

      ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 6.2 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee, described in Note 6.2, between the Company and those group entities pursuant to the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 24 June 2017.

4. The Directors draw attention to page 88 of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

KM Stokes AC
Chairman

Sydney
16 August 2017

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Independent Auditor's Report

To the shareholders of Seven West Media Limited

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Report on the audit of the Financial Report

Opinion

We have audited the Financial Report of Seven West Media Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Group's financial position as at 24 June 2017 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

The Financial Report comprises:

- Consolidated Statement of financial position as at 24 June 2017
- Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report.

We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The *Key Audit Matters* we identified are:

- Valuation of Television Licences
- Valuation of Yahoo7 Equity accounted Investments
- Valuation of Metro Newspapers and Pacific Cash Generating Units (CGUs)
- Provision for Onerous Contracts

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Valuation of Television Licences

Refer to Note 3.1 Intangible Assets to the Financial Report

The key audit matter

Valuation of the Television Licences is a Key Audit Matter due to:

- The size of the asset, being the largest asset of the Group;
- The level of judgement required by us in evaluating the estimates determined by the Group and their external valuation expert for forecast television advertising revenues and associated costs; and
- The $432,388 thousand current period impairment charge resulting from the recent advertising market declines as well as the Group's reassessment of longer term market growth.

The level of growth in advertising revenue for commercial television networks continues to be threatened by changes in consumer viewing habits. This is driven by the increased use of alternative digital viewing platforms.

These ongoing changes create uncertainty in the key estimates used in the Television Licence value in use model, specifically:

- Free To Air (FTA) television advertising market growth rates – short, medium and long term (terminal growth factor);
- The Group's share of the Metro FTA advertising market; and
- The discount rate.

How the matter was addressed in our audit

Our procedures included:

- Challenging the short, medium and long term forecast for FTA television advertising market growth rates and the Group's share of the metro FTA advertising market by evaluating the assumptions against published growth rates. This procedure was performed with assistance from our valuation specialist;
- Evaluating the key inputs to the discount rate, including the risk free rate, cost of debt, market participant gearing levels and industry beta, against publicly available data of a group of comparable entities. This procedure was performed with assistance from our valuation specialist;
- Recalculating the impairment charge against the recorded amount disclosed;
- Assessing quantitative and qualitative disclosures in relation to the valuation by comparing these disclosures to our understanding of the valuation, the business and accounting standards requirements.

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Valuation of Yahoo7 Equity Accounted Investment

Refer to Note 6.1 Equity Accounted Investees to the Financial Report

The key audit matter

Valuation of the Yahoo7 investment is a Key Audit Matter due to the high level of judgment required by us in evaluating the estimates determined by the Group and their external valuation expert for forecast digital advertising revenues and associated costs. These are the significant drivers in the value in use model. In addition, the Group recorded an impairment charge of $154,695 thousand against the carrying value of the investment in the current period.

The Yahoo7 cash flow forecasts are underpinned by growth in mobile, video and native advertising revenue to offset declines in the traditional premium display advertising revenue. There is uncertainty in estimating mobile, video and native advertising revenue growth rates and the associated discount rate for Yahoo7 given:

> Continual market changes in digital advertising trends; and
> A limited number of companies providing a comparable portfolio of products to Yahoo7.

These conditions give rise to a wider range of outcomes in the value in use model increasing audit complexity.

How the matter was addressed in our audit

Our procedures included:

> Challenging the Group's short, medium and long term forecast's for Yahoo7 digital revenue growth rates by comparing those assumptions with the most recent published mobile, video and native industry growth rates. This procedure was performed with assistance from our valuation specialist;
> Evaluating the key inputs to the discount rate, including the risk free rate, cost of debt, market participant gearing levels and industry beta, against publicly available data of a group of the most comparable entities that operate within one or more product areas offered by Yahoo7. This procedure was performed with assistance from our valuation specialist;
> Assessing the accuracy of previous forecasting of revenue and costs to inform our evaluation of forecasts included in the Yahoo7 value in use model;
> Recalculating the impairment charge against the recorded amount disclosed.

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Valuation of Metro Newspapers and Pacific Cash Generating Units (CGUs)

- **Metro Newspaper Mastheads and PPE**
- **Pacific Mastheads and Goodwill**

Refer to Note 3.1 Intangible Assets to the Financial Report

The key audit matter

Valuation of the Group's Metro Newspapers and Pacific Cash Generating Units (CGUs) is a Key Audit Matter due to the high level of judgement required by us in evaluating the estimates determined by the Group and their external valuation expert for forecast advertising and circulation revenues and associated costs.

The Newspaper and Magazine sectors face uncertainty as the demand for print media continues to be downwardly impacted by real time digitalisation of content. This creates significant uncertainty in the following key estimates underpinning the value in use impairment models:

> Future print advertising and circulation revenue growth rates in the short, medium and long term;
> Future revenue growth of associated and recently launched digital businesses;
> Costs and the impact of changes in print volumes; and
> The discount rate.

The Group's reassessment of these estimates during the current year resulted in impairments of Goodwill ($28,879 thousand), Mastheads ($80,463 thousand), PPE ($34,165 thousand) and other intangibles ($13,588 thousand), increasing our audit effort.

How the matter was addressed in our audit

Our procedures included:

> Challenging management's short, medium and long term forecast's for print and digital revenue by comparing those assumptions with published industry growth rates and industry reports. This procedure was performed with assistance from our valuation specialist;
> Evaluating the key inputs to the discount rate, including the risk free rate, cost of debt, market participant gearing levels and industry beta, against publicly available data of a group of comparable entities. This procedure was performed with assistance from our valuation specialist;
> Assessing the accuracy of previous forecasting of revenue and costs and their correlation to print volumes, to inform our evaluation of forecasts included in the value in use impairment models;
> Evaluating the status of print related committed cost reduction initiatives included in the forecast cash flows against business plans and communications to employees;
> Recalculating the impairment charge against the recorded amount disclosed.

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Provision for Onerous Contracts

Refer to Note 3.3 Provisions to the Financial Report

The key audit matter

The Group routinely enters non-cancellable purchase contracts for television programs and sporting broadcast rights. Where there are changes in market conditions, the accounting standards require the Group to estimate the unavoidable minimum net obligation under these contracts to determine those (if any) that are onerous and recognise an associated provision.

Assessing the Group's provision for onerous contracts is a Key Audit Matter given the continual changes in consumer television viewing habits and the impact on forecast FTA advertising revenue growth. This is due to the high level of judgement required by us in evaluating the Group's estimation of the unavoidable minimum net obligations for onerous contracts due to the uncertainty in estimating the following for each contract:

- The economic benefits expected to be received under the contract, including the impact of short and medium term FTA television advertising market growth rates;
- The incremental costs of fulfilling the contract; and
- The term of the obligation where the contract period is contingent on factors outside of the Group's control (e.g. US television ratings).

These estimation uncertainties increase the risk of inaccurate forecasting which gives rise to greater audit complexity.

How the matter was addressed in our audit

Our procedures included the following for significant purchase contracts for television programs and sporting broadcast rights:

- Assessing the Group's determination of economic benefits expected to be received under the contract and incremental costs of fulfilling the contract against the historical results on similar television programs and sporting broadcast rights and published expectations of future revenue and cost growth;
- Challenging the estimated term of the obligation based on the current and expected performance of the metrics that influence contractual tenure;
- Comparing the contractual costs of the television programs and sporting broadcast rights to the underlying contracts.

Other Information

Other Information is financial and non-financial information in Seven West Media Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

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- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

KPMG

Tracey Driver
Partner

Sydney

16 August 2017

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Seven West Media Limited for the year ended 24 June 2017, complies with Section 300A of the Corporations Act 2001.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001.

Our responsibilities

We have audited the Remuneration Report included in pages 71 to 86 of the Directors' report for the year ended 24 June 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

Company Information

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Directors

KM Stokes AC – Chairman
TG Worner – Managing Director & Chief Executive Officer
JH Alexander
Dr ME Deaker
D Evans
PJT Gammell
JG Kennett AC
M Malone
RK Stokes

Company Secretary

WW Coatsworth

Registered Office

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Auditor

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ASX code: SWM

Legal Advisors

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ANZ Tower
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Sydney NSW 2000

Clayton Utz
Level 15
1 Bligh Street
Sydney NSW 2000

Addisons
60 Carrington 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:

Boardroom Pty Limited
Level 12
Grosvenor Place
225 George Street
Sydney NSW 2000

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

Visit the online service at boardroomlimited.com.au

Boardroom Pty 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 visit the Boardroom Pty Limited website.

Other general inquiries may be directed to Mr W. Coatsworth, Company Secretary on (02) 8777 7777 or visit the website at www.sevenwestmedia.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 West Media 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 Registry's website.

The Chess System

Seven West Media Limited operates under CHESS – Clearing House Electronic Subregister System – an Australian Securities 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 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.

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Shareholder Information

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The shareholder information set out below was applicable at 17 July 2017.

a. Distribution of equity securities

a. Analysis of numbers of equity security holders by size of holding:

Size of holding	Number of shareholders
1 – 1,000	4,766
1,001 – 5,000	8,715
5,001 – 10,000	3,225
10,001 – 100,000	4,019
100,001 and over	307
	21,032

b. There were 2,717 holders of less than a marketable parcel of ordinary shares.

b. Equity security holders

The names of the twenty largest holders of equity securities are listed below:

Name	Number of ordinary shares held	Percentage of issued shares
Network Investment Holdings Pty Limited	611,600,387	40.55
HSBC Custody Nominees (Australia) Limited	218,942,242	14.52
Citicorp Nominees Pty Limited	168,265,884	11.16
JP Morgan Nominees Australia Limited	128,335,309	8.52
BNP Paribas Nominees Pty Limited	38,947,239	2.59
National Nominees Limited	28,875,120	1.92
BNP Paribas Nominees Pty Limited	24,877,471	1.66
Merrill Lynch (Australia) Nominees Pty Limited	8,177,782	0.55
UBS Nominees Pty Limited	7,111,267	0.47
3RD Wave Investors Limited	6,000,000	0.39
Citicorp Nominees Pty Limited	5,996,210	0.39
UBS Nominees Pty Limited	4,419,941	0.29
Brispot Nominees Pty Limited	3,758,238	0.25
RBC Investor Services Australia Nominees Pty Limited	2,385,658	0.16
BNP Paribas Nominees (NZ) Limited	2,275,712	0.15
Waratah Capital Partners Pty Limited	2,100,000	0.13
Warbont Nominees Pty Limited	2,089,880	0.13
Mr P A Cochrane	1,400,000	0.09
T S Rai 2 Pty Limited	1,386,000	0.09
HSBC Custody Nominees (Australia) Limited	1,321,001	0.09
	1,268,265,341	84.10

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c. Substantial shareholders

Substantial shareholders in the Company are set out below:

Name	Substantial holding*	Number of ordinary shares in substantial holding
Mr Kerry Matthew Stokes AC	40.94%	619,753,734
Australian Capital Equity Pty Limited	40.88%	618,711,654
Seven Group Holdings Limited	40.88%	618,711,654
Schroder Investment Management Australia Limited	5.14%	77,495,046

* Based on issued capital at date of notification.

The above percentages include the relevant interests held pursuant to the *Corporations Act 2001* and accordingly may differ from that disclosed in note b.

d. Voting rights

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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