SEVEN WEST MEDIA

2011 ANNUAL REPORT


BODIES AFTER
BIGGEST LOSER
WE'RE READY FOR A BABY!
The Weekend West
POP GODDESS
WIN
Parents pay for school
RONAN
NATALIE
THE FACTOR
REBECCA GIBNEY
LOOK AT ME NOW!

Seven West Media is Australia's leading multi-platform media group

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From the Chairman

WELCOME TO THE FIRST ANNUAL REPORT FOR SEVEN WEST MEDIA.

> The media landscape is constantly evolving. Where some media companies see challenges we see opportunities for growth and development. The transaction secures the future of two great media businesses.

This is the first annual report for Seven West Media.

West Australian Newspapers' acquisition of Seven Media Group was a significant step for the company and its shareholders. Together we have created the opportunity to successfully leverage the future of our company, drawing on the combined strengths of each of the organisations across the major mainstream media of print, television and online.

Our acknowledged strengths in newspapers in Western Australia, combined with the Seven Media Group's national platforms – including Channel 7 in Perth – are successfully utilising the combined resources that each company brings to a larger diversified audience base. The challenge for our management team is to take advantage of the opportunity to develop a responsive enterprising group. They also have the opportunity to build our position in new media through our online Yahoo!7 platform.

The media landscape is constantly and quickly changing and the current economic conditions that affect traditional media and our advertising base have been well publicised. It is in these challenging times we see the strength of the group working as 'one company'. The profit growth achieved by Seven West Media outperformed all other listed media companies. As promised, we have paid dividends in line with guidance. We demonstrated that we can achieve a sound economic performance even in difficult times.

We commenced this current financial year knowing we would face challenges because of the economy and the challenging and changing retail market. We are confident that we will continue to perform better than any of our peer groups. Our confidence is based on the continuing strong performance of Seven Network Australia – the nation's number one television network and the positive changes that have been implemented in West Australian Newspapers which have seen us hold circulation and revenue.

In these conditions we will also have a focus not only on growing our revenue share but also on reducing costs to ensure we achieve our objectives despite the economic conditions. We are fortunate that all of our companies are the best in their various categories in Australia .

Two of your company's major shareholders, Seven Group Holdings and Kohlberg Kravis Roberts & Co, have publicly committed themselves to participate in the company's dividend re-investment plan – an undertaking that underlines both shareholders' commitment to Seven West Media and provides the opportunity for your company to focus on the allocation of funds that will further strengthen the financial performance of the business.

The formation of Seven West Media has seen the appointment of David Leckie from Seven Media Group as Chief Executive Officer and Managing Director, and Justin Reizes from Kohlberg Kravis Roberts & Co, as Directors. They join me and former Directors of West Australian Newspapers on the Board of Seven West Media – Doug Flynn, Don Voelte, Sam Walsh AO, Graeme John AO and Peter Gammell.

Your board and the management of Seven West Media are committed to ensuring that we maximise the future for the company, build shareholder value through improving performance and profit growth and thereby ensure our ability to continue our dividend payments.

The decision to bring together two great media companies creates one company that has Australia's best performing media businesses, strong cashflows, great management and a strong independent board. The West's merger with of Seven Media Group has created a company that has the scope and scale to build and invest in its businesses and its people. It is our people, and their talent, creativity and commitment that drives your company and its future. On behalf of your board I thank you, our shareholders, and the people of Seven West Media for your commitment to this company.

Kerry Stokes AC
Chairman

From the Chief Executive Officer and Managing Director

BY ANY MEASURE THIS HAS BEEN AN EXTRAORDINARY TWELVE MONTHS FOR YOUR COMPANY.

The formation of Seven West Media brings together some of Australia's best-performing media businesses. Each are well-placed to continue to build their businesses and take advantage of improvements in advertising demand over the coming twelve months.

It is early days in the life of the new company, however, we are very happy with our progress over the first few months as Seven West Media. Much has been done. More will be done as we create and develop 'one company' which delivers market leadership across its array of media platforms.

Our strong financial results over the past twelve months in a difficult market confirm the underlying strengths and leadership of our businesses. On a pro forma basis, Seven West Media delivered earnings before interest, taxation, depreciation and amortisation of $617.5 million and earnings before interest and taxation (EBIT) of $550.1 million on revenues of $1,960.6 million. Total revenue is up 4 per cent on the pro forma prior corresponding period contained in the shareholder transaction documentation for The West's acquisition of Seven Media Group. EBITDA is up 12 per cent on the prior corresponding period and EBIT is up 14 per cent.

Our businesses are performing well.

Seven continues to lead the market in television advertising revenue share. Recent industry figures put Seven's share of the advertising revenue market at 37.6 per cent. More Australians watch Seven than any other television network and we are building audiences in all key demographics as we expand our digital broadcast platform. Seven's new agreement with the Australian Football League for broadcast television rights for the 2012-16 seasons underscores a commitment to secure key programming content to drive the network's leadership in broadcast television in an increasingly competitive landscape.

The West Australian is an important part of the lives of all West Australians. It also has market-leading margins, manages its operations and costs effectively, and has increased its total readership by 1.3 per cent over the past twelve months, consolidating its circulation in a challenging market for newspapers.

Our magazine publishing business, Pacific Magazines, has delivered a positive performance in a competitive and challenging market over the past twelve months. It has delivered improvements in margins and secured the largest circulation share increase of any Australian magazine publishing company.

Pacific Magazines is the only major publishing company to increase advertising share and is acknowledged as Australia's most powerful portfolio of magazines, occupying the largest per title share of circulation and readership of all major publishers.

Seven West Media's online and new media presence through Yahoo!7, a joint venture with Yahoo! Inc continues its strong momentum, delivering strong margins and diversifying into the fast growing social commerce category with the recent acquisition of Spreets, the first online group buying company in Australia.

Our focus over the coming twelve months is to build on our leadership, create great content, manage our costs in a challenging advertising market and drive greater links and synergies between and across our businesses.

A signpost to our future is Yahoo!7's PLUS7 catch-up TV which streams almost three million full episodes of Seven's most popular programmes every month – with 300 hours of content across Seven and 7TWO's primetime programmes.

Our objective over the coming twelve months is to consolidate and strengthen our performance and the advertising revenue shares of our media businesses in a challenging overall market impacted by a decline in consumer confidence. This means we will continue to invest in our creative content while undertaking a far-reaching and transformational 'whole of business' cost review focused on synergy creation and integration that will define the future management of your company and its media businesses.

Our focus over the coming twelve months is to build on our leadership, create great content, manage our costs in a challenging advertising market and drive greater links and synergies between and across our businesses.

No media company in Australia has our depth of management or our great content. I would like to acknowledge our management and all of our people. We have the best people in the business. No media company has our ability to deliver great content across a portfolio of media platforms. We are looking forward to driving home our leadership and taking this great media company to the next level.

David Leckie
Chief Executive Officer
and Managing Director

Year in Review

THESE ARE SEVEN WEST MEDIA'S FIRST ANNUAL RESULTS FOLLOWING WEST AUSTRALIAN NEWSPAPERS HOLDINGS' ACQUISITION OF SEVEN MEDIA GROUP IN APRIL 2011.

This transaction created Australia's largest diversified media business with a leading presence in broadcast television, radio, newspaper publishing, magazine publishing and online.

The company's financial year results on a pro forma basis (that is as if West Australian Newspapers and Seven Media Group had been combined for the entire 2010-2011 financial year) are comparable to forecasts contained in the shareholder documentation to approve the creation of Seven West Media.

The company also delivered at the high end of its market guidance for EBITDA issued in May 2011.

On a pro forma basis, Seven West Media delivered earnings before interest, taxation, depreciation and amortisation (EBITDA) of $617.5 million and earnings before interest and taxation (EBIT) of $550.1 million on revenues of $1,960.6 million.

Total revenue is up 4 per cent on the pro forma prior corresponding period (pcp) contained in the shareholder transaction documentation. EBITDA is up 12 per cent on the pcp and EBIT is up 14 per cent.

The company has delivered a statutory profit after taxation of $115.1 million for the 2010-2011 financial year. The result was underpinned by a 77.6 per cent increase in total revenue to $725.7 million.

This statutory result includes twelve months of West Australian Newspapers Holdings and two and a half months of Seven Media Group.

Earnings comparisons are difficult due to West Australian Newspapers Holdings' acquisition of Seven Media Group from Seven Group Holdings and Kohlberg Kravis Roberts & Co.

The company has delivered on the successful integration of West Australian Newspapers and Seven Media Group to create 'one company' and the company's focus over the coming twelve months is to build on its leadership in broadcast television, print media and online and drive further cost synergies across the entire business.

617m

PRO-FORMA EBITDA EARNINGS 2010/2011

77.6%

INCREASE IN TOTAL STATUTORY REVENUE

The company has delivered a statutory profit after taxation of $115.1 million for the 2010-2011 financial year. The result was underpinned by a 77.6 per cent increase in total revenue to $725.7 million.

Business Performance: Pro-forma Full Year Results

The Seven Network
Seven delivered EBITDA of $376.7 million – a 23 per cent increase on the 2009-10 financial year on an 8.4 per cent climb in revenues to $1,229.2 million. EBITDA margin is 30.6 per cent – up from 27.0 per cent in the corresponding twelve months on cost growth of 3.0 per cent.

West Australian Newspapers
West Australian Newspapers delivered EBITDA of $172.9 million – down 0.9 per cent on the 2009-2010 financial year. Revenues were $411.5 million – down 0.4 per cent on the previous financial year. EBITDA margin is 42.0 per cent vs 42.2 per cent in the corresponding twelve months on flat costs.

Pacific Magazines
Pacific Magazines, has delivered a positive performance in a competitive and challenging market over the past twelve months – with EBITDA of $53.5 million, up 0.9 per cent on the 2009-2010 financial year. EBITDA margin is 17.5 per cent – up from 16.6 per cent in the corresponding twelve months. The company delivered a 5.4 per cent decrease in costs to $251.5 million.

Yahoo!7
Seven West Media's online and new media presence through Yahoo!7, a joint venture with Yahoo! Inc continues its strong momentum, delivering an EBITDA margin of 39.2 per cent over the past twelve months. Revenue is up 22.0 per cent, EBITDA is up 14.0 per cent on the 2009-2010 financial year.

Financial Year Ended 25 June 2011 Results
Seven West Media delivered a profit before income tax of $173.5 million on revenues of $725.7 million. Net profit after taxation was $115.1 million. EPS after taxation is 38.6 cents.

Dividend
A final dividend of 26 cents per share (fully franked) has been declared.

Dividend Re-Investment Plan
Seven West Media is committed to ensuring the future growth of the company and building shareholder value through a focus on enhancing the performance of its market-leading media businesses and strengthening the company's balance sheet as it confronts an uncertain and tentative global economic outlook over the coming twelve months.

Two of the company's major shareholders, Seven Group Holdings and Kohlberg Kravis Roberts & Co, have committed to the company's dividend re-investment plan – an undertaking that underlines both shareholders commitment to Seven West Media and provides the opportunity for the company to focus on the allocation of funds that will further strengthen the financial performance of the business.

Balance Sheet
Seven West Media has net assets of $2.511 billion and $232.8 million in available undrawn facilities at 25 June 2011. The company has commenced the formal process of re-financing all existing components of group debt – which is in line with expectations and detailed in the shareholder transaction documents – into the one facility. The company plans to complete this process in this current calendar year following positive initial indications on pricing and demand.

Strategic Agenda
The company is undertaking a transformational 'whole of business' cost review focused on synergy creation and integration. The company's objective is to consolidate and strengthen its advertising revenue shares in television, newspapers, magazines and online in a challenging overall market impacted by a decline in consumer confidence.

Broadcast Television

MORE AUSTRALIANS WATCH SEVEN THAN ANY OTHER TELEVISION NETWORK.

In a year of major events and the launch of new digital channels, Seven continues to dominate the television landscape in Australia and is building audiences in all key demographics.

Our broadcast television business has moved to a new level over the past twelve months, with our multiple channels on our digital broadcast platform confirming our leadership and driving audience growth across all key audience demographics. The new digital channels are designed to leverage and complement the success of our primary channel.

Seven is number one for total viewers and in all key audience demographics: 16-39s, 18-49s and 25-54s in the 2011 television year. 7TWO is the most-watched digital channel for total viewers and people 25+. Following its successful launch twelve months ago, 7mate is number one in its target men 16-54 audience across the 2011 television season.

Seven's suite of three television channels delivers more viewers than any other network.

This is our eighth consecutive year of leadership in breakfast television, our seventh consecutive year of leadership in news and public affairs, our fifth consecutive year of leadership in primetime, our fifth consecutive year of leadership in morning television and our sixth consecutive year of leadership overall across the 6:00am-midnight broadcast day.

Our broadcast television business has moved to a new level over the past twelve months, with our multiple channels on our digital broadcast platform confirming our leadership and driving audience growth across all key audience demographics.

That leadership sees Seven securing a market-leading share of the television advertising market across the 2010 and 2011 television seasons and the network is now in its sixth consecutive year of leadership in securing more advertising revenue than any other television network – with a market share of just under 38 per cent over the past twelve months.

The performance of our digital broadcast platform and our leadership in Australian production confirm the fundamental strengths of our broadcast television business and its future in driving the creation and distribution of our content across an array of communications technologies.

While we continue to build on our major presence in newspaper and magazines publishing and expand our capabilities in new content distribution technologies, we acknowledge that the fundamental strengths of broadcast television will continue to underpin our company's development over the coming decade.

Seven was Australia's number one television network in the 2010 television year, leading in primetime on primary channels and in the combined audiences of primary and digital channels and also delivering significant audience growth on its market-leading 2009 television year.

Seven's total primetime audience in 2010 was up 7.6 per cent in total viewers, up 5.7 per cent in 16-39s, up 4.7 per cent in 18-49s and 5.2 per cent in 25-54s on Seven's audience delivery in 2009.

This momentum has accelerated in the 2011 television year, with Seven winning more weeks and primetime nights than any other network.

Seven, 7TWO and 7mate combine to deliver Seven's broadcast platform market leadership in primetime for total viewers, 16-39s, 18-49s and 25-54s across the current television year. Seven's total primetime audience in 2011 is up 12.3 per cent in total viewers, up 14.3 per cent in 16-39s, up 11.3 per cent in 18-49s and 11.0 per cent in 25-54s on Seven's audience delivery in 2010.

Driving our success is a continuing investment in, and the acknowledged depth of, our Australian programming – in particular, programming you see only on Seven.

The success of *My Kitchen Rules*, *Australia's Got Talent*, *Dancing with the Stars* and *The X Factor* confirm Seven's leadership in event television. The success of two new Australian drama series *Winners and Losers* and *Wild Boys* combined with the performance of *Home and Away* and Australia's most-watched regular programme, *Packed to the Rafters*, confirms Seven's leadership in Australian drama.

Seven continues to dominate the most-watched programmes on television. *Packed to the Rafters*, *Australia's Got Talent*, *My Kitchen Rules*, *Dancing with the Stars*, *Better Homes and Gardens* and two new projects for Seven – *The Amazing Race* and *Winners and Losers* – confirm Seven's leadership in primetime across the 2011 television year.

Packed to the Rafters is the most-watched regular series on television, with a weekly average audience of 1.953 million. *Winners and Losers*, in its first series, has underlined Seven's leadership in Australian drama series and delivered dominating audience shares in total viewers, 16-39s, 18-49s and 25-54s.

Downton Abbey ranks only behind *Packed to the Rafters* as the most-watched series and set a new benchmark on Sundays with 1.936 million viewers. *Downton Abbey* will return in a new series in 2012.

My Kitchen Rules moved to a new level in 2011, up 6.0 per cent on its previous series and sweeping all before it across all key audience demographics. *The Amazing Race* delivered an average weekly audience of 1.260 million and winning shares in 16-39s, 18-49s and 25-54s. *Australia's Got Talent* jumped 16.0 per cent on 2010 and delivered some of 2011's biggest television audiences, with the final scoring 2.98 million viewers. *Dancing with the Stars*, delivered a winning 1.527 million viewers in a competitive and challenging Sunday night timeslot.

Seven is number one in news and public affairs.

Seven News is the most-watched nightly news bulletin, up 16.6 per cent on *Nine News*. *Today Tonight* is up 22.9 per cent on *A Current Affair*. *Seven News* and *Today Tonight* continue to build in their seventh consecutive year of leadership in nightly news and public affairs.

Sunday Night, our weekly public affairs programme, continues to impress with an audience of 1.104 million in a competitive timeslot in 2011.

Seven is number one in breakfast television.

Sunrise continues to dominate in breakfast television. In its eighth consecutive year of leadership, *Sunrise* is up 10.8 per cent on *Today* in total viewers and up 13.8 per cent on *Today* in all viewers under 55 across 6:00-9:00am.

Our success in broadcast television will continue to drive our development as a broad-based media company creating new content and applications across multiple delivery platforms, including multiple channels on our digital platform that will confirm our future, building on the strengths of broadcast television and our leadership in the creation and production of Australian television.

Broadcast Television

This core objective for our business drives our continuing investment in content.

Our new agreement with the Australian Football League underscores this commitment to secure Seven's leadership in broadcast television in an increasingly competitive landscape.

The new multi-year partnership with the Australian Football League builds on the success of Seven's coverage over the past five years and will see Seven as the only free-to-air broadcast television platform for the Australian Football League over the coming five years.

Driving our success is a continuing investment in, and the acknowledged depth of, our Australian programming – in particular, programming you see only on Seven.

Our success with *Friday Night Football* and *Sunday Afternoon Football* over the past twelve months and our high-definition and 3D television coverage of the drawn 2010 AFL Grand Final and its re-match the following week confirms our deep connection with football and we look forward to expanding our coverage across Saturdays.

Sports have played a defining role in our development. Over the coming decade, sports will continue to play a key role in the development of our business as we build on our leadership as a media and communications company, delivering broad sports coverage across an array of platforms.

***PACKED TO THE RAFTERS* IS THE MOST-WATCHED REGULAR SERIES ON TELEVISION, WITH A WEEKLY AVERAGE AUDIENCE OF**

1.953m

WEEKLY AVERAGE AUDIENCE

As part of this strategy, a key undertaking for Seven this year has been our extensive coverage of The Championships from Wimbledon. In our first year of a multiple year broadcast television agreement with The All England Lawn Tennis and Croquet Club, Seven delivered broad coverage of Wimbledon across Seven and 7TWO.

This strategy delivered significant growth in television audiences on 2010 – with timeslot dominating performances on Seven and 7TWO, including a new record audience of 737,000 viewers for a digital channel. 3.387 million viewers watched all or part of Wimbledon on Seven and 2.951 million viewers watched all or part of Wimbledon on 7TWO. The combined Seven and 7TWO audience reach was 6.244 million viewers – an 88.8 per cent increase in reach on 2010.

Over the coming twelve months with our expanding Australian Football League coverage as its cornerstone, Seven will confirm its leadership in event sports television with our coverage of the AFL, The Melbourne Cup, the V8 Supercar Championship, the Bathurst 1000 and The Australian Open.

We have momentum in television and are well-placed to deliver a competitive performance over the coming twelve months.

Our planning for the 2012 television season is well advanced with a number of new Australian series in development.

These new projects include a new weekly drama series complementing this year's successful launch of two new drama series *Winners and Losers* and *Wild Boys* and the continuing strong performances of *Packed to the Rafters* and *Home and Away*.

The coming twelve months will also see new series for *My Kitchen Rules*, *The Amazing Race*, *Dancing with the Stars*, *Australia's Got Talent*, *The X Factor*, *Border Security*, *The Force* and *Better Homes and Gardens*.

Through our international programming partnerships, we have secured a number of promising new programmes for the new television season in 2012, including *Revenge*, *Good Christian Bitches*, *Strikeback* and *Titanic* and new series for *Downton Abbey*, *Body of Proof*, *Grey's Anatomy*, *The Amazing Race*, *Criminal Minds*, *Bones*, *Castle* and *Desperate Housewives*.

The West

THIS HAS BEEN AN EXTRAORDINARY YEAR FOR WEST AUSTRALIAN NEWSPAPERS.

IT HAS GONE FROM BEING A COMPANY THAT IS PRIMARILY A NEWSPAPER BUSINESS OPERATING IN WESTERN AUSTRALIA, ALBEIT WITH ONE OF THE BEST READERSHIP PENETRATIONS IN THE COUNTRY, TO PART OF THE LARGEST AUSTRALIAN-DOMICILED NATIONAL MEDIA GROUP.

Chris Wharton's role as CEO of the leading media business in Western Australia, the cornerstone of which is the iconic *The West Australian*, has expanded to include the operations of Seven Perth. Chris was formerly Managing Director of Seven Perth for nine years and accordingly, has a great affinity with Seven Network in Perth and welcomes the opportunity to be part of it again.

It is early days, but we have already begun to see the benefits that can be derived from combining Western Australia's two leading media properties *The West Australian* and Seven Perth. Initially these benefits included cross promotion in the sales area, marketing, publicity campaigns and events, news content and online expertise.

However, we are also identifying opportunities to enhance the content of *The West Australian* with that of Seven Network and Pacific Magazines and, in turn, use the award-winning *West Australian* content to add to the television and magazine properties.

The combination of businesses will also accelerate the digital development of *The West Australian* digital properties. As has been said in previous years, the digital properties associated with *The West Australian* are paramount to the future development of *The West Australian* masthead and they remain so. In July this year we launched two new websites, both of which complement the printed products and offer clients another medium for their advertising.

These two new sites, WestRealestate.com.au and WestAnnouncements.com.au, have performed very well since their launch. With the expertise of Yahoo!7 now within the group, we are confident of continuing to grow and enhance the online presence of the West Australian print properties in a measured and profitable way.


Established 1833 Wednesday, April 6, 2011 thewest.com.au $1.30

The West Australian

MORE PUBLIC TRANSPORT CRACKS News PAGES 6-7

Catwalk fashion on a budget Style LIFTOUT

4000 calls to police go unheard

Barrels of fun as Margs turns it on

Spin-out: Margaret River proved a treat for pro surfers yesterday as Hawaiian Kai Barger warmed up for this week's contest.

PERTH 17-30 Details, P46

WestBusiness 24-PAGE LIFTOUT INSIDE TODAY

HOME DELIVERY Call 1800 811 855 to get The West home delivered.


Established 1833 Wednesday, April 20, 2011 thewest.com.au $1.30

The West Australian

DOWN SOUTH SUV ADVENTURES 20-page magazine

School balls What to wear to the big night out Style LIFTOUT

Schoolteacher accused of tying boy, 5, to chair

Australian Spitfire ace laid to rest in France

Requiem: Air Force chief Air Marshal Mark Binskin salutes RAAF Flight-Lt Henry 'Lacy' Smith at Ranville cemetery in Normandy, France, as his remains are buried with full honours 66 years after his Spitfire crashed into a French river shortly after the D-Day landings. **Report, P17**

PERTH 13-26 Details, P52

Be rewarded like never before Join at thewest.com.au/westrewards WestRewards

HOME DELIVERY Call 1800 811 855 to get The West home delivered.

As the merger concluded in April 2011, this report will focus on the performance of the operations of West Australian Newspapers for this financial year.

The results for the group have been solid in what has been a well-publicised tough year in retail. Advertising revenue for the West Australian Newspaper Group grew by 1.3 per cent, with particularly pleasing results in regional newspapers and radio up 11 per cent.

As we flagged at the half year, the malaise in retail impacted the metro display advertising revenue and unfortunately, the retail environment did not improve through the second half of the year. The softness of retail display advertising throughout the year weighed on the overall result and particularly on the advertising revenue for *The West Australian*.

The sales force, to their credit, took up the challenge and, through the development of new innovative sales solutions and sheer tenacity, limited the overall decline in advertising revenue to 1.5 per cent, despite the higher level of decline in the crucial retail category.

Since the end of the financial year, the retail sector has continued to struggle to overcome an apparent lack of consumer confidence. Despite the obvious strength of the WA resource sector and its positive impact on the state's economic prosperity, consumer behaviour has been impacted by economic events in Europe and the USA.

These events have continued to dampen consumer confidence, which in turn has resulted in the continuation of the softness we experienced in the retail sector during the 2011 financial year. Although at the time of preparing this report, retail remains flat, we have every confidence it will turn and when it does our operations are well positioned to reap the rewards.

Total readership for *The West Australian* has increased by 1.3 per cent. Throughout Australia, circulation decline is common to most of the main newspaper titles, *The West Australian* however, has significant penetration in WA, reaching 28 per cent of the population during the week and 42 per cent on the weekend. As a proportion of population it is one of the most widely read newspapers in the country.

West Australian Newspapers has always had a very disciplined approach to cost management, consistent with the operations of Seven Media Group, aiming to spend wisely and effectively. Again this year costs have been efficiently managed in our operations and expenses, excluding one-off merger-related costs, have been maintained at the same level as the previous year.

One of the main contributors to the control of costs were the savings delivered through the new newsprint supply arrangements. In early 2010 West Australian Newspapers made a strategic decision to break with tradition, and standard Australian practice, and source 80 per cent of our newsprint from suppliers in South Korea and Europe.

Since implementing these new supply arrangements on 1 July 2010, every aspect of supply, from the quality of the product, to the delivery logistics, to the cost savings has been executed very well. Consequently we have expanded the relationship with both the South Korean and the European suppliers and are confident that further savings will be achieved in 2012.

One of the cornerstones of the success of our West Australian operations, particularly *The West Australian*, has been the ongoing investment in quality by the group. Investing in and developing the quality of every aspect of Seven West Media's operations will continue to be key to the ongoing success of the business. Earlier this year we relaunched the Saturday edition as *The Weekend West*. The relaunch involved considerably more than a name change, it was a revitalisation of the product. New fonts were used, new layouts were employed, and the product was truly relaunched. The new look and energy of *The Weekend West* has been well received and its weekend penetration is well above our opposition.

Seven West Media WA employs about 1,600 people in 25 locations across Western Australia. We value our people and recognise their direct input into the financial success of the business and ultimately the generation of shareholder returns.

The acquisition of Seven Media Group in May 2011, and the appointment of Chris Wharton as CEO of Seven West Media's West Australian assets, has brought

> We are also identifying opportunities to enhance the content of *The West Australian* with that of Seven Network and Pacific Magazines and, in turn, use the award-winning *West Australian* content to add to the television and magazine properties.

The West

ADVERTISING REVENUE FOR THE WEST AUSTRALIAN NEWSPAPER GROUP GREW BY 1.3%, WITH PARTICULARLY PLEASING RESULTS IN REGIONAL NEWSPAPERS AND RADIO UP

11%


The Weekend West

April 16-17, 2011

thewest.com.au

$2.30

CAT TORTURE 'Disgrace to human race' NEWS P7

THE BIG ASIA GUIDE TRAVEL LIFTOUT

EMMA BOOTH Versatile and enchanting WEST WEEKEND MAGAZINE

SENIOR JUDGE SPEAKS OUT

Violent criminals could be kept in jail longer

Amanda Banks
Legal Affairs Editor

Prisoners who were likely to commit serious violent or property crimes on release would be held in jail indefinitely under a proposal floated by WA's longest serving Supreme Court judge and backed by the Police Commissioner.

Attorney-General Christian Porter revealed yesterday that the State Government was open to expanding WA's indefinite detention laws, which now only apply to dangerous sex offenders.

Justice Michael Murray has highlighted the dangerous sex offender laws as a precedent that had demonstrated the idea could help protect the community.

Under current laws, the Supreme Court can impose continuing detention or community supervision orders against rapists and paedophiles who have served their jail term but still pose an unacceptable risk of reoffending.

In an article in the latest edition of the Law Society of WA's publication Brief, Justice Murray said there was "no reason" the law should be limited to serious sexual offences.

"It is arguable that it should also be available where there is a present, well-established danger of the commission of serious crimes of violence or against property," he wrote.

"The justification ... would be the commission of serious offences in the past and the demonstrated danger of the commission of further such offences."

Police Commissioner Karl O'Callaghan said he supported expanding the use of indefinite jail terms in some circumstances, such as against serial armed robbers.

"There are a very small number of people where we ought to have some indefinite detention because they don't respond to anything else," he said.

WA Law Society president Hylton Quail said lawyers were opposed to expanding indefinite detention laws.

"There ought to be finality in sentencing," Mr Quail said.

Mr Porter said sentencing laws already allowed for courts to impose indefinite detention but whether the powers were being under-used was being investigated.

He said the Government supported the dangerous sex offender legislation because it recognised community protection was the fundamental priority in a special category of cases.

"The Government is open to considering Justice Murray's suggestions ... but such a process would have to be done with great care and in a way that does not unduly compromise the fundamental protections our legal system accords to any individual," Mr Porter said.


Established 1833

METRO

The

style BAGS The best candy fro Luxe to le

LIFTOUT INSIDE

Coun came

RONAN O'CONNELL

Councils would use speed cameras on suburban streets under a plan to reduce dangerous driving on back streets, the WA Local Government Association revealed yesterday.

WALGA president Troy Pickard said the plan would result in councils buying speed cameras for use in residential areas.

Councils would work with police, who would provide the legal power to operate the cameras and manage the processing of speeding infringements.

Mr Pickard said the association

together these two very successful West Australian businesses in a way that has, and will continue to have, a positive impact on the staff. Nonetheless, we are conscious that people deal with change in different ways and Chris and his management team have worked with our staff at all levels to ensure the experience is positive.

While the expansion of the group's operations has brought considerable change to our organisation, The West's senior management remains the same and the core values and work ethic of West Australian Newspapers will persist, while absorbing the best aspects of Seven Media Group's culture.

We continue to emphasise to all employees and managers the importance of sharing a common sense of purpose within the new company, and aim to create a diverse workforce that is motivated and fulfilled in its employment.

To this end, we have placed increased emphasis on flexible working arrangements to support the familial and other needs of our employees. This flexibility supports our position as an Equal Employment Opportunity Employer, a qualification that is borne out by the approximately 50 per cent of our workforce who are female, with 36 per cent of those in managerial positions.

The West Australian Newspaper Group's safety performance targets for the year were exceeded with a 38 per cent reduction in Lost Time Injury Frequency Rate (LTIFR) achieved. The Group's LTIFR was approximately 69 per cent lower than the latest reported industry benchmark for the Printing, Publishing and Recorded Media sector.

Seven West Media is committed to environmental sustainability and acknowledges the community leadership role of a newspaper company in integrating environmental initiatives throughout all aspects of its business.

As a member of Publishers National Environment Bureau, the West Australian Newspaper Group supports recovery and recycling of newspapers and annually donates free advertising space to further the Bureau's aims. Educational material on recycling newspapers and magazines is provided free of charge to schools and Local Government waste education officers.

The West Australian Newspaper Group has historically placed a high level of importance on our investment in, and support of, the Western Australian community, both in metropolitan Perth and regional WA. Seven West Media (WA) will continue this fine tradition.

The company's objective is to consolidate and strengthen its advertising revenue shares in television, newspapers, magazines and online in a challenging overall market impacted by a decline in consumer confidence.

In the 2010/11 financial year, The West Australian Newspaper Group provided approximately $5 million in advertising sponsorship to over 100 organisations. The recipients of this support included business, arts, charitable and sporting bodies, most of whom have had longstanding relationships with *The West Australian*.

Our goal is to maintain our support for the West Australian community and to positively touch the lives of as many people as we are able to throughout the state through our association with key events, charities and not-for-profit organisations.

Finally, it is important to recognise the staff and West Australian Newspapers' board of directors. Through a large part of this year senior management and the board devoted an enormous amount of time to considering, planning and executing the acquisition of Seven Media Group. Through a very busy period the staff of West Australian Newspapers performed exceptionally well and have greeted the news of the acquisition with enthusiasm.

Magazine Publishing

Our presence in magazine publishing is a key component in our plans for the development and distribution of our content across an array of delivery platforms.

We are committed to the future growth of our strength in publishing. Magazines add a further dimension to our media position, driving the leadership of our brands and our content as we develop our media and entertainment company across broadcast television, newspapers, magazines, online and new communications technologies.

Over the past twelve months, Pacific Magazines has secured the largest circulation share increase of any Australian magazine publishing company. We are also the only major publishing company to increase advertising share.

Pacific Magazines is built on investing in cornerstone brands and great content, and strengthening our successful partnerships with globally renowned publishers including Groupe Marie Claire, Time Inc, Meredith and Rodale. This forms part of a clear and considered strategy to strengthen and enhance the performance of our portfolio in a challenging and competitive market.

It is acknowledged that Pacific is Australia's most powerful portfolio of magazines, occupying the largest per title share of all major publishers, delivering the company an overall 30 per cent share of circulation and a 28 per cent share of readership over the past 12 months.

We deliver two of the three biggest-selling weekly magazines and three of the top five highest-selling magazines in Australia. Pacific publishes many of the biggest brands in magazines in Australia: *New Idea*, *Better Homes and Gardens*, *that's life!*, *marie claire*, *InStyle*, *Men's Health*, *Women's Health*, *Who* and *Girlfriend*.

We have the technology and the partnerships that will lead our future development in digital and interactive media building on the underlying strengths of our television and publishing businesses.

Pacific Magazines accounts for nearly one in three (30 per cent) magazines and almost 1 in 2 (48 per cent) women's weekly magazines sold in Australia and our portfolio now reaches 7 million Australians every month.

We lead readership share in the celebrity weekly, real life, home and lifestyle, women's fashion, men's lifestyle, parenting, bridal and teen categories.

Pacific Magazines dominates in key publishing categories, including *Better Homes and Gardens* in the homes and lifestyle category, *that's life!* in the real life category, *Who* in the celebrity weekly category, *marie claire* in the fashion category, *Men's Health* in the men's monthly lifestyle category, *Practical Parenting* in the parenting category, *Bride To Be* in the bridal category and *K-Zone* and *Total Girl* in the tween category.

The company's flagship title, *New Idea*, which recently underwent an extensive redesign to include expanded content sections, is one of the top two highest-selling weekly magazines in Australia.

Better Homes and Gardens is the country's leading integrated media brand across television, magazines, online, radio and live consumer events. *Home Beautiful* is out-performing the overall home and lifestyle category and combines with Better *Homes and Gardens* to deliver Pacific Magazines a market-leading 55 per cent share of circulations in the category.

Who is Australia's leading celebrity weekly magazine, delivering growth in circulations and out-performing the overall category. *FAMOUS* is outpacing the celebrity weekly category and continues to record growth, posting its eleventh consecutive circulation increase.

that's life! continues to lead the real life category, while *Girlfriend* is out-performing the teen girls category and *Total Girl* and *K-Zone* lead their tween categories.

Our presence in magazine publishing is a key component in our plans for development and distribution of our content across an array of delivery platforms.


New Idea
Bigger than ever ...and loving it!
REBECCA GIBNEY
LOOK AT ME NOW!
Wills & Kate
TWINS SHOCK!
Latest reports rocking the palace
BONDI RESCUE ENGAGEMENT
HOW I PROPOSED!
24 pg FREE FOOD MAGAZINE
Easy ENTERTAINING SPECIAL


Who
Sept. 12 2011
Plus! INSIDE OUR NEW HOME
BODIES AFTER
BIGGEST LOSER
Six months on, contestants reveal who's lost weight & who's put it back on
EMMA DUNCAN 'I've gained 12KG'
LARA WHALAN 'My best bikini body'
Jen & Justin move in
WE'RE READY FOR A BABY!
Beyonce's big news
YES, I'M PREGNANT
VMA Awards
FROCKS & SHOCKS


Girlfriend
GIRLFRIEND.COM.AU
LEIGHTON MEESTER
165 WARDROBE WINNERS FOR UNDER $100!
Cha-ching!
SO MANY SAVINGS IT'S LIKE FREE MONEY!
FORMALS VERSION 2.0
THE DATE
THE AFTERPARTY
THE FREAKOUTS
SORTED!
UNBREAK YOUR HEART (in 28 days)
AMERICAN IDOLS: GLEE BOYS SPEAK (NOT SING)
Plus!
OVER 60 CRAZY-CHEAP BEAUTY FINDS
AND HOW TO WIN A WHOLE STACK
(see page 121)
WILL GOOGLE+ = YOUR NEW CRUSH?
"My family fled the Taliban"
SHOCKING STORIES FROM REAL-LIFE REFUGEES
October 2011
Move over, Miranda!
OUR MODEL SEARCH FINALISTS HAVE ARRIVED


SBS
EXPERIENCING LIFE THROUGH FOOD
Feast
NEW!
65 DELICIOUS RECIPES from 20 cuisines in Australia
TASTES OF TRADITION
FAMILY FLAVOURS GIVEN NEW LIFE
ISSUE 2
A SERBIAN SAINT DAY
ANCIENT RITUALS, PROSCIUTTO, PITA, PORK AND MORE
ONE INGREDIENT FOUR CULTURES
CHICKEN FROM JAMAICA TO FRANCE
BIG APPLE BITES
NEW YORK JEWISH DELI CLASSICS
GUY GROSSI
Cooking Italian, Melbourne-style
TRAVEL FOR FOOD LOVERS
STREET-SMART SNACKING IN DELHI


INSTANT DIET MAKEOVERS + OVERCOME YOUR WEIGHT-LOSS HURDLE
WeightWatchers
inspire | motivate | transform
magazine
OCTOBER 2011
SIMPLE SLIM-DOWN SECRETS
20 WEIGHT-LOSS TIPS THAT WORK, DIRECT FROM THE EXPERTS
Get fit for free – page 116
Fun, easy ways to blitz stubborn kilos
BONUS BUDGET BEAUTY SPECIAL
Everything under $25!
REAL LIFE SUCCESS
"I LOST 14KG & GOT MY PRE-BABY BODY BACK"
35 SLIMMING RECIPES
Tasty, stress-free dinners
Fast, satisfying snack ideas
Delicious skinny desserts
SPECIAL OFFER
Join Weight Watchers for just $1*


NICOLE'S ULTIMATUM TO JOEL: 'IT'S ME OR THE BAND!'
FAMOUS
LOSE 4KG IN 2 WEEKS!
THE ULTIMATE FLAT BELLY DIET
THE TUMMY YOU'VE ALWAYS WANTED BY NEXT WEEKEND
KATE'S SURPRISE BUMP!
SHE MOSS BE EXPECTING
THE PHOTO THAT PROVES IT
HORRIBLE EXES
THE PLOT TO DESTROY JEN'S REP
KRIS LEAVES KIM AFTER JUST FOUR WEEKS
OVER BEFORE IT BEGAN
REALITY BITES AS KRIS TELLS KIM 'I CAN'T PRETEND ANY MORE'
BUSTED! THE STEAMY SNAPS JT & SCARJO TRIED TO BAN

Magazine Publishing

MARIE CLAIRE WHICH EXPANDED INTO BROADCAST TELEVISION WITH 'MARIE CLAIRE: UNDER THE COVER' ACCOUNTS FOR NEARLY

30%

OF MAGAZINES SOLD IN THE CATEGORY

marie claire and *In Style*, two of the top three highest-selling fashion magazines in Australia, continue to drive the company's market-leading 47 per cent share of circulation in the competitive fashion category. *marie claire* – which expanded into broadcast television with *marie claire Under The Cover* – accounts for nearly one in three (30 per cent) magazines sold in the category.

In Style continues to deliver a strong performance, outperforming the overall category performance over the past 12 months.

Men's Health and *Women's Health* continue to thrive. *Men's Health* leads the men's lifestyle category with 69 per cent circulation share and *Women's Health* has recorded its seventh consecutive increase in circulation to deliver its best-ever circulation result and out-perform the overall women's lifestyle category.

Pacific+, the custom and corporate publishing arm of Pacific Magazines, is one of Australia's leading branded content and corporate communications agencies, producing magazines and corporate publishing solutions for many of Australia's biggest companies, including Virgin Australia, Lexus and Weight Watchers. The company has expanded its presence in publishing over the past 12 months with the launch of *Feast*, a co-venture with SBS, and the first cookbook spin-off from Seven's successful *My Kitchen Rules*.

Our success in publishing is built on a commitment to invest in our people, our brands and our content.

We lead in circulation and readership in key publishing categories and we are committed to continuing to grow and increase market presence as we leverage our strengths in publishing and across our broadcast television and online businesses to drive an increasing media presence that touches the lives of all Australians.

Digital Media

DIGITAL TELEVISION AND ONLINE AND NEW COMMUNICATIONS TECHNOLOGIES ARE CHANGING THE WAY ALL OF US ENGAGE WITH CONTENT.

Our creation of programming and content that Australians want to watch forms the cornerstone of our plans for the development of our company in an expanding digital landscape.

We are recognised as the leader in the production of Australian television, we have market leadership in key magazine publishing categories and *The West Australian's* strengths in newspaper publishing. We have the technology and the partnerships that will lead our future development in digital and interactive media building on the underlying strengths of our television and publishing businesses.

Quite clearly, our strategies for development focus on extending our leadership in content creation and distribution to new delivery platforms and our future development focuses on multi-channelling on broadcast television and broadening our connection with Australians through evolving communications platforms and delivery mechanisms.

Online and broadband delivery of our content and the creation of new digital content for our audiences will drive our development. Our success will be determined by our content, regardless of how our audiences experience or interact with our entertainment, news and information, and sports programming.

This commitment to the rapid development of our digital platform defines our Yahoo!7 partnership with Yahoo! Inc. Yahoo!7 brings together the online assets of Yahoo! Inc including search and communications capabilities and a global internet network and the content creation and marketing strengths of Seven West Media.

Yahoo!7 is delivering strong momentum, out growing the market in audience, revenue and EBITDA margin. Yahoo!7 revenue increased by 22 per cent and achieved EBITDA growth of 14 per cent in the 2010-2011 financial year.

Yahoo!7 provides the group with an audience platform of 8.2 million users a month up from 7 million users in June 2010.

The average time spent by users across our core media properties of news, sport, lifestyle, television and entertainment increased by 61 per cent year on year.

In April 2011, Yahoo!7 acquired 100 per cent of the Yahoo!Xtra New Zealand business from its partner Telecom New Zealand. Prior to the agreement Telecom New Zealand owned 49 per cent and Yahoo!7 owned 51 per cent. Following the acquisition, the Yahoo!Xtra business rebranded to Yahoo! New Zealand and continues its commercial partnership for Yahoo!7 to support Telecom New Zealand's broadband customer base.

Yahoo!7 has diversified its business by investing in the fast growing social commerce category including the acquisition of Spreets, a leading online group buying company in Australia and New Zealand. Spreets grew its revenue by 72 per cent between the March and June quarters of 2011 and it now has 1.18 million members, an increase of 140 per cent since acquisition.

There have been almost 900,000 deal vouchers purchased since January 2011. The Yahoo!7 business delivers a new audience to Spreets and dramatically expands the offering through Yahoo! Inc and Seven West Media's media businesses.

Yahoo!7 also acquired leading sports tipping site Oztips and relaunched the site with enhanced user functionality. The tipping site has over half a million

We bring together the online assets of Yahoo! Inc including search and communications capabilities and a global internet network and the content creation and marketing strengths of Seven West Media.

Digital Media

engaged users who visit the site multiple times each week to place and check their tips. Oztips enhances Yahoo!7's market leading sports offering.

The company has also dramatically expanded its PLUS7 catch-up TV offering, creating new content and distribution partnerships as it leverages the success of Seven's primetime programming. PLUS7 streams almost three million full episodes of Seven's most popular programmes every month – with 300 hours of content across Seven and 7TWO's primetime programmes. The Yahoo!7 TV site and PLUS7 now secure a highly engaged audience of almost three million users with PLUS7 seeing a 115 per cent increase in the number of streams since July 2010.

As part of its commitment to distribution across multiple platforms into the lounge room, Yahoo!7 has entered into new partnerships with Sony Pictures Television and Comcast International Media Group building on its ventures with Sony Computer Entertainment and Panasonic over the past twelve months.

Yahoo!7 has also invested in its mobile offering building on its existing audience of over three million Australians a month accessing its content via mobile devices. Yahoo!7 launched the Seven News mobile iPhone and iPad apps with the Seven News iPhone app reaching over 200,000 downloads in the first month.

Also launched in the past year were the TV guide app and a Yahoo!7 Sports app with more launches of apps and mobile sites planned for the coming months. These apps are in addition to the mobile optimized sites already on offer across a range of the Yahoo!7 content properties.

YAHOO!7 LAUNCHED THE SEVEN NEWS MOBILE IPHONE AND IPAD APPS WITH THE SEVEN NEWS IPHONE APP REACHING OVER

200k

DOWNLOADS IN THE FIRST MONTH.

Our future sees us building on our content creation and delivery capabilities with multiple applications across an array of delivery platforms, allowing our audiences to engage with us across television magazines, newspapers, the PC and other forms of fixed and wireless technology to experience and engage with our content and brands.

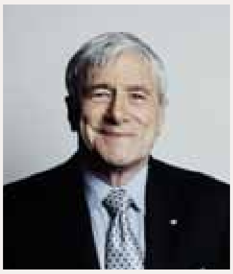
Yahoo!7 remains the market leader in online targeting technology allowing advertisers to precisely target their advertising to particular customer categories across 141 targeting categories.

The range of Yahoo!7 targeting products finds the right audience at the right time in the purchase cycle providing more effective and efficient advertising. Yahoo!7 launched a range of new online advertising formats including new video advertising formats, new targeting capabilities and mobile ad units.

The wide application of services through Yahoo!7 allows Seven West Media to further strengthen its digital platform connecting broadband users to the internet and burgeoning multi-media solutions.

Board of Directors

KERRY STOKES AC
CHAIRMAN – NON-EXECUTIVE DIRECTOR



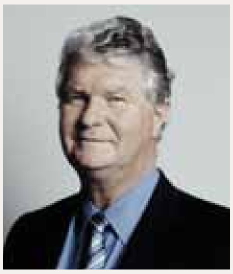
Mr Stokes, 71, is the Executive Chairman of Seven Group Holdings Limited. Mr Stokes has approximately four decades of active involvement in the ownership and management of media companies in Australia. Seven Group Holdings' assets include WesTrac Holdings and a portfolio of diverse investments, including a 29.6% holding in Seven West Media Limited. Seven Group Holdings is a company with a market-leading presence in media in Australia and the resources services sector in Australia and China.

In addition, he is Chairman of Australian Capital Equity Pty Limited, which has significant interests in media, entertainment, research and technology development as well as property and industrial activities.

Mr Stokes' many board memberships include him being Founder, Council Member and Chairman of the National Gallery of Australia, a Member of the International Council for Museum & Television, Council Member for the Australian War Memorial, and Trustee for the Special Air Service Trust which provides relief to current and former members of the Special Air Service Regiment and their dependents. Professional recognitions include an Honorary Fellow from Murdoch University and an Honorary Doctorate in Commerce at Edith Cowan University.

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).

DOUG FLYNN
NON-EXECUTIVE DIRECTOR



Mr Flynn, 62, graduated in chemical engineering from the University of Newcastle, New South Wales. He received an MBA with distinction from Melbourne University in 1979.

Mr Flynn was appointed Chief Executive of newspaper publisher Davies Brothers Limited in 1987. The company was acquired by News Corporation in 1989.

During his career at News Limited Group, Mr Flynn held positions as Deputy Managing Director of News International Newspapers Ltd, Director of News International Plc, and Managing Director of News International Plc.

Mr Flynn then held Chief Executive positions with Aegis Group Plc and Rentokil Initial Plc in London, before returning to Australia in 2008.

In April 2008 he became a consultant to, and a Director of, Qin Jia Yuan Media Services Ltd, the leading private television company in China.

PETER GAMMELL

NON-EXECUTIVE DIRECTOR

Mr Gammell, 54, is the Deputy Chairman of Australian Capital Equity Pty Ltd, the holding company associated with Mr Kerry Stokes AC. He was the Managing Director for the last 20 years. Mr Gammell is the Chief Executive Officer of Seven Group Holdings Limited.

Mr Gammell served as a Director of Seven Network Limited for the last 14 years. He was Chairman of the Seven Network Limited Finance Committee and was a member of the Audit Committee. He is 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).

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.

GRAEME JOHN AO

NON-EXECUTIVE DIRECTOR

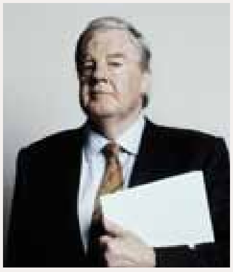
Mr John, 68, was Managing Director of Australia Post from 1993 to 2009. He is a Fellow of the Chartered Institute of Transport and a Member of the Australian Institute of Company Directors. He is a Board member of QR National, Racing Victoria and an AFL Commissioner.

He is a former Chairman of the Board of the Kahala Posts Group, Board member of the International Post Corporation (Netherlands), and Vice-Chairman of Sai Cheng Logistics International (China), a joint venture with China Post.

Mr John was awarded the Officer of the Order of Australia (AO) in 2003, for service to business and to the community. He is also a recipient of the Centennial Medal and the Australian Sports Medal.

DAVID LECKIE

GROUP CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR



Mr Leckie, 60, was appointed Chief Executive Officer of Seven Media Group in December 2006; he also joined the Board of Directors of Seven Media Group at that time. He was on the Board of Seven Group Holdings Limited from April 2010 to August 2011, and is also a Director of Seven Network (appointed in April 2003), and has been Seven Network's Chief Executive Officer for over seven years. He holds a Bachelor of Arts (Macquarie University), majoring in Economic and Financial Studies and has over 31 years experience in the media and television industries. Other former board positions include Chairman of Pacific Magazines and a Director of Free TV Australia Limited. Mr Leckie is a former Chief Executive Officer of the Nine Network.

Board of Directors

JUSTIN REIZES
NON-EXECUTIVE DIRECTOR

Justin Reizes, 41, is a Member of Kohlberg Kravis Roberts & Co L.P. (together with its affiliates, “KKR”) and is the head of its Australian office. He joined KKR’s London office in 1999, then moved to its Hong Kong office in 2005, Tokyo in 2006 and Sydney in 2008. Since moving to the Asia/Pacific area , he has been actively involved in developing KKR’s Asian operations. He is currently on the board of directors of BIS Industries and was a board member of Seven Media Group from 2006-2011.

Prior to joining KKR, Mr. Reizes was involved in private equity and investment banking at Morgan Stanley in New York, Houston and London. He holds a B.S. in mechanical engineering, summa cum laude, and a B.A. in managerial studies, summa cum laude, from Rice University.

DON VOELTE
NON-EXECUTIVE DIRECTOR

Mr Voelte, 58, has significant experience in the global oil and gas industry and, prior to his retirement in June 2011, was the Managing Director and Chief Executive Officer of Woodside Petroleum Limited, a position he had held since joining the company in 2004.

Prior to joining Woodside Petroleum Limited, Mr Voelte held a number of Senior Executive positions in the oil and gas sector. Mr Voelte was a member of the Board of the University of Western Australia Business School during his Woodside tenure, and is a member of the Society of Petroleum Engineers, the American Society of Civil Engineers, the Chi Epsilon Honor Society, a Foreign Fellow to ATSE (FTSE) and a Fellow of the Australian Institute of Company Directors (AICD). He is a trustee of the University of Nebraska Foundation and was awarded the University of Nebraska Engineering Alumni of Year in 2002. The University of Nebraska recently named their Nanotechnology and Metrology Research Centre for Mr Voelte and his wife Nancy. He has a degree in Civil Engineering, from the University of Nebraska.

SAM WALSH AO
NON-EXECUTIVE DIRECTOR

Mr Walsh, 61, was appointed chief executive of Rio Tinto's Iron Ore group in 2004, with responsibilities covering operations and projects in Australia, Canada, Guinea and India.

He is an executive director on the boards of Rio Tinto plc and Rio Tinto Limited, and in November 2009 he was appointed chief executive of Rio Tinto Australia. He is also the Rio Tinto Executive Committee sponsor for Australia and West Africa. Prior to joining Rio Tinto, Mr Walsh worked in the automotive industry for more than 20 years in Australia and the USA.

He has a Bachelor of Commerce from Melbourne University and has completed a Fellowship Program at Kettering University in Michigan. He was awarded Honorary Doctor of Commerce by Edith Cowan University in 2010.

Mr Walsh is a Fellow of the Australian Institute of Management, the Australian Institute of Mining & Metallurgy, the Chartered Institute of Purchasing & Supply and the Australian Institute of Company Directors, a vice president of the Australia-Japan Business Co-operation Committee, chair of the WA Chapter of the Australia Business Arts Foundation, the Black Swan State Theatre Company and the Chamber of Arts and Culture WA Inc, patron of the State Library of Western Australia Foundation, a patron of the UWA Hackett Foundation and president of Scouts Australia (WA Branch).

In 2007, Mr Walsh was awarded Australian Export Hero and Western Australian Citizen of the Year - Industry & Commerce. In 2010, he was awarded an Order of Australia (AO) for his work in the mining industry and establishing employment programs for Indigenous Australians.

PETER BRYANT
COMPANY SECRETARY & CHIEF FINANCIAL OFFICER (WA)

Mr Bryant, 44, joined the West Australian Newspaper Group in April 2008 as Company Secretary, and in November 2009 his role was expanded to encompass the position of Chief Financial Officer. Prior to joining WAN he was the Company Secretary and CFO of GRD Limited, where he had been employed for eight years. His commercial experience also includes several financial and management roles within a significant private, Perth based, entrepreneurial group. He commenced his career with Ernst & Young working for their offices in Australia, the UK and the US.

Mr Bryant is a Fellow of the Institute of Chartered Accountants in Australia.

Corporate Governance

YEAR ENDED 25 JUNE 2011

This statement outlines the main corporate governance practices that were in place throughout the financial year, unless otherwise stated.

THE BOARD

The board has adopted a board charter* setting out the purpose and role of the board, its responsibilities and powers. The charter also documents the way the board functions.

The board is assisted in carrying out its responsibilities by the audit and risk committee and the remuneration and nomination committee.

The board has established a framework for the management of the Company which includes a system of internal control, a business risk management process and the establishment of appropriate ethical standards for directors and employees.

The board currently consists of seven non-executive directors, including the chairman, and one executive director. The majority of non-executives are independent directors. In determining whether a director is independent, the guidelines contained within Principal 2 of the ASX Corporate Governance Principles and Recommendations are applied. In assessing if a supplier or customer is a material supplier or customer, the principles of "Materiality", contained in AASB 1031, are applied.

Mr Stokes AC and Mr Gammell are not regarded as independent within the framework of the guidelines because of their positions within Seven Group Holdings Limited, which is a major shareholder of Seven West Media Limited. Both Mr Stokes AC and Mr Gammell have lodged Standing Notices of Interest, in relation to their positions with Seven Group Holdings Limited, with the Company. These notices have been tabled at a board meeting, in accordance with the requirements of section 192 of the *Corporations Legislation*.

Mr Reizes is not regarded as independent within the framework of the guidelines because of his position within Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, "KKR"), which is a major shareholder of Seven West Media Limited. Mr Reizes has lodged a Standing Notice of Interest in relation to his position with KKR, with the Company. This notice has been tabled at a Board meeting, in accordance with the requirements of section 192 of the *Corporations Legislation*.

Procedures have been put in place to ensure observance of both the letter and the spirit of dealing correctly with issues which might give rise due to a conflict of interest.

The board has adopted a written code of conduct* for directors which establishes guidelines for their conduct in matters such as ethical standards and conflicts of interests. The code is based on that developed by the Australian Institute of Company Directors. Directors have the right to seek independent professional advice at the expense of the Company. Directors are permitted to trade in securities of the Company in accordance with the Company's Share Trading Policy* and after reference to the company secretary.

The board undertakes reviews of its own performance, with external advice as appropriate.

DIRECTORS

Details regarding the Company's directors are set out in the directors' report.

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 25 June 2011, and the numbers of meetings attended by each director are set out in the directors' report.

REMUNERATION AND NOMINATION COMMITTEE

A charter* sets out the role and responsibilities of the committee which comprised the following members, all of whom are independent directors, except for Mr Stokes AC and Mr Reizes:

- DR Voelte (Chairman)
- KM Stokes AC
- GT John AO
- JC Reizes (*appointed* 3/6/11)

Corporate Governance

The committee reviews remuneration packages and policies applicable to the chief executive officer and senior executives. This includes share schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefit policies and professional indemnity and liability insurance policies. External advice is sought as appropriate.

The committee also directly obtains independent advice on the appropriateness of the level of fees payable to non-executive directors and makes recommendations to the board.

Further details of directors' and executives' remuneration, superannuation and retirement payments are set out in the remuneration report which forms part of the directors' report and notes 24 and 32 to the financial statements.

The composition of the board is regularly reviewed by the committee to ensure that the board has the appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the board would benefit from the services of a new director with particular skills, potential candidates are identified by the committee with advice from an external consultant if deemed appropriate. The board then appoints the most suitable candidate who must stand for election at the next general meeting.

The chief executive officer and managing director is invited to committee meetings, as required, to discuss management performance and remuneration packages.

AUDIT AND RISK COMMITTEE

A charter* sets out the role and responsibilities of the committee which during the year comprised the following members, all of whom are independent directors except for Mr Gammell:

- SMC Walsh AO (Chairman)
- DR Flynn
- PJT Gammell

The role of the committee is to advise on the establishment and maintenance of a framework of internal control for the management of the Company, to ensure that the Company has an effective risk management system in order for risks to be identified and managed effectively, that accounting policies are appropriately applied and that financial information is fairly and correctly reported. The internal and external auditors, the chief executive officer and the chief financial officer are invited to meetings at the discretion of the committee.

The Company requires that the external audit firm rotates the engagement partner in accordance with accepted best practice.

INDEPENDENT DIRECTORS COMMITTEE

During the year the board established a temporary independent directors committee, in relation to the transaction to acquire the Seven Media Group.

The committee comprised the following members:

- DR Flynn (Chairman)
- GT John AO
- DR Voelte
- SMC Walsh AO

The role of the committee was to review, consider and negotiate the transaction to acquire the Seven Media Group.

The committee, through its legal advisors, established a formal Board Protocol which provided clear guidance and protocols in relation to the committee's dealings with the non-independent directors. The document was signed by all members of the board prior to the commencement of the process.

Corporate Governance

YEAR ENDED 25 JUNE 2011

INTERNAL CONTROL FRAMEWORK

The board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective control system will preclude all errors and irregularities. To assist in discharging this responsibility, the board has instigated an internal control framework which includes:

INTERNAL AUDIT

An internal auditor function reports directly to the chairman of the audit and risk committee and to the company secretary, and is responsible for monitoring, investigating and reporting on the internal control systems.

FINANCIAL REPORTING

There is a comprehensive budgeting system with an annual budget approved by the directors. Weekly and monthly actual results are reported against budget and revised forecasts for the year are prepared regularly. The Company reports to the Australian Securities Exchange (ASX) on a half yearly basis - see "Continuous Disclosure" below.

SPECIAL REPORTS

The Company has identified a number of key areas which are subject to regular reporting to the board such as environmental, legal and health and safety matters.

BUSINESS RISKS

The board requires reports on major risks affecting the Company and requires management to develop strategies to mitigate these risks.

To assist the board in this regard, the audit and risk committee of the board established a risk assessment panel to investigate, monitor and report on all material areas of risk affecting the Group. The panel comprises senior executives with Group wide responsibilities under the chairmanship of the internal audit manager. External advice is sought as appropriate. During the 2011 financial year the panel operated in relation to the former West Australian Newspapers Group. The scope of the panel is being expanded to encompass the full Seven West Media Group.

Once a major risk is identified, an action plan is instigated. Corrective action is taken as soon as practicable and the committee informed of the action taken.

CONTINUOUS DISCLOSURE

The Company is committed to complying with the continuous disclosure obligations of the Corporations Legislation and the listing rules of the ASX and has adopted a continuous disclosure policy*.

The Company follows a program of half 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 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 ends of financial reporting periods and the announcement of results to the market.

CODE OF CONDUCT

The Company has adopted a code of conduct for employees*. It 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 to the Company and requires employees to avoid conflicts of interest, misuse of Company property and accepting or offering inappropriate gifts. Employees are permitted to trade in securities of the Company in accordance with the Company's Share Trading Policy* and, if senior executives, after reference to the company secretary.

SHAREHOLDER COMMUNICATION

The Company recognises the right of shareholders to be informed of matters which affect their investment in the Company and has adopted a shareholder communication policy*. The Company maintains a website which displays both corporate governance documents and up to date information released to ASX.

Corporate Governance

YEAR ENDED 25 JUNE 2011

CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS (2ND EDITION)

The Company has adopted the Corporate Governance Principles and Recommendations (2nd Edition).

The Company will adopt the 'Corporate Governance Principles and Recommendation including 2010 Amendments (2nd Edition)' from the next reporting period, which is consistent with the requirements of the updated document.

The extent to which the Company has followed the recommendations of the Corporate Governance Principles and Recommendations (2nd Edition) is contained in the body of this report and/or are summarised below.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The board has adopted a charter setting out its roles and responsibilities*.

Key terms and conditions relating to the appointment of non-executive directors and senior executives are set out in formal engagement letters.

The process adopted by the Company to evaluate the performance of senor executives and non-executive directors is documented within the annual report.

The chief executive officer and chief financial officer are employed pursuant to engagement agreements which include formal job descriptions.

2. STRUCTURE THE BOARD TO ADD VALUE

The majority of non-executive directors are independent.

The roles of the chairman and chief executive officer are separate.

The chairman is not an independent director. However, the board believes the chairman's experience and skills, coupled with the existence of a clear and accepted conflict of interest protocol, have delivered a structure which will best achieve the company's objectives.

The board has adopted the recommended definition of 'independent director' and has addressed the issue of materiality.

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 established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the board are the remuneration and nomination and the audit and risk committees. Each committee has its own written charter, which are reviewed on an annual basis and available on the company website.

The board has adopted a written code of conduct for directors*, which establishes guidelines for their conduct. The code includes guidelines for the disclosure and management of conflicts of interest.

Inductions are provided to new directors, executives and management, to ensure they have a full understanding of the Company and its operations.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

The board undertakes reviews of its own performance, with external advice, as appropriate.

The board has adopted a code of conduct for directors and employees* which includes a policy on trading in the Company's securities.

The board values diversity in relation to age, gender, cultural background and ethnicity and recognises the benefits it can bring to the organisation.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The company policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

Corporate Governance

YEAR ENDED 25 JUNE 2011

The board requires the chief executive officer and chief financial officer to state in writing to it that the Company's financial reports represent a true and fair view, in all material respects, of the Company's financial condition and operational results in accordance with the relevant accounting standards.

The board has established an audit and risk committee*. The chairman of the committee is an independent director.

5. MAKE TIMELY AND BALANCED DISCLOSURE

The board has adopted a continuous disclosure policy*.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

The board has adopted a shareholder communication policy*.

Shareholders are given a reasonable opportunity to ask questions of the board at general meetings. The external auditor is available at such meetings to answer questions from shareholders on matters relating to the audit of the Company's financial statements.

7. RECOGNISE AND MANAGE RISK

The board has adopted an internal control framework and a risk management policy both of which are discussed earlier in this report.

The chief executive officer and chief financial officer are required to state in writing to the board that the risk management and internal compliance and control systems are operating effectively and efficiently in all material respects.

8. REMUNERATE FAIRLY AND RESPONSIBLY

The board's remuneration policy is discussed in the remuneration report which forms part of the directors' report.

* These documents can be found on the Company's website at www.sevenwestmedia.com.au or copies can be requested from the company secretary.

Directors' Report

YEAR ENDED 25 JUNE 2011

Your directors present their report on the Group consisting of Seven West Media Limited and the entities it controlled at the end of, or during, the year ended 25 June 2011.

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
DR Flynn
DJ Leckie (appointed 16 May 2011)
PJT Gammell
GT John AO
JC Reizes (appointed 19 April 2011)
DR Voelte
SMC Walsh AO
PJ Bryant – Company Secretary

RK Stokes and BI McWilliam are alternate directors to KM Stokes AC and PJT Gammell respectively. Subsequent to the end of the financial year (23 August 2011), Mr E Bostock was appointed as an alternate director for JC Reizes. Alternate directors do not receive any remuneration.

PRINCIPAL ACTIVITIES

The principal continuing activities of the Group consisted of free to air television, newspaper and magazine publishing, online and radio broadcasting.

DIVIDENDS - SEVEN WEST MEDIA LIMITED

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

	2011 $'000	2010 $'000
Final ordinary dividend for the year ended 30 June 2010 of 26 cents (2009 - 10 cents) per share paid on 30 September 2010	55,804	21,071
Interim ordinary dividend for the year ended 25 June 2011 of 19 cents (2010 - 19 cents) per share paid on 31 March 2011	41,503	40,309
	97,307	**61,380**

In addition to the above dividends, since the end of the 2011 financial year the directors have declared the payment of a final ordinary dividend of $158.4m (26 cents per share) to be paid on 14 October 2011.

REVIEW OF OPERATIONS

A summary of consolidated results is set out below:

	2011 $'000	2010 $'000
Profit before income tax	173,530	134,109
Income tax expense	(58,408)	(37,886)
Profit attributable to ordinary equity holders of Seven West Media Limited	115,122	96,223
Profit before income tax expense includes the following specific expenses whose disclosure is relevant in explaining the financial performance of the Group:		
Transaction costs related to the acquisition of SMG (H1) Pty Limited and its subsidiaries	26,380	–

It is important to note that the results for 2011 incorporate the full year results for the former West Australian Newspaper Group and the results of the former Seven Media Group for the period from acquisition on 12 April 2011 to the end of the reporting period.

A review of operations of the Group is given on pages 6 to 21

Directors' Report

YEAR ENDED 25 JUNE 2011

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

In April 2011, the company acquired the Seven Media Group. The transaction, which included a capital raising, was approved by shareholders at an Extraordinary General Meeting, held on 11 April 2011. Full details of the acquisition and the capital raising were disclosed in the explanatory memorandum and prospectus, which were issued pertaining to the transaction.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no matters or circumstances which have arisen since 25 June 2011 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

In the opinion of the directors it would prejudice the Company's interests if any further information on likely developments in the operations of the Group and the expected results of operations were included in this report, and the omission of such information is hereby disclosed.

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

With the introduction in 2008/09 of a national greenhouse gas emissions and energy reporting framework for businesses through a combination of new legislation (*National Greenhouse and Energy Reporting Act 2007*) and existing legislation (*Energy Efficiency Opportunities Act 2006*), the Group underwent an initial analysis of emissions from its sites. Collectively, emissions from the Group's business, which are reviewed annually, do not meet the thresholds for mandatory reporting, with total consumption well below 87,500 tonnes of greenhouse gas emissions and 350 terajoules of energy.

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 25 June 2011, and the numbers of meetings attended by each director were:

	MEETINGS OF DIRECTORS		AUDIT AND RISK		REMUNERATION AND NOMINATION		INDEPENDENT DIRECTORS*	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
DIRECTORS								
KM Stokes AC	6	7	–	–	2	2	–	–
DR Flynn	7	7	4	4	–	–	12	12
PJT Gammell	7	7	4	4	–	–	–	–
GT John AO	7	7	–	–	2	2	11	12
DJ Leckie (appointed 16/5/11)	1	1	–	–	–	–	–	–
JC Reizes (appointed 19/4/11)	2	2	–	–	1	1	–	–
DR Voelte	7	7	–	–	2	2	12	12
SMC Walsh AO	7	7	4	4	–	–	12	12
Alternate directors								
BI McWilliam (Alternate for PJT Gammell)	–	–	–	–	–	–	–	–
RK Stokes (Alternate for KM Stokes AC)	1	1	–	–	–	–	–	–

(a) Number of meetings attended.
(b) Number of meetings held during the time the director held office or was a member of the committee during the year.
* This committee, comprising the independent directors, was established to review, consider and negotiate the transaction to acquire the Seven Media Group.

Directors' Report

YEAR ENDED 25 JUNE 2011

DIRECTORS' INTERESTS IN SHARES

As at the date of this report the interests of the directors in the shares of the Company were:

	Number of convertible preference shares	Number of ordinary shares
KM Stokes AC	2,500	180,720,216
DR Flynn	–	30,843
PJT Gammell	–	95,763
GT John AO	–	44,866
DJ Leckie	–	751,252
JC Reizes	–	34,713
DR Voelte	–	19,095
SMC Walsh AO	–	52,312
BI Williams (Alternate Director)	–	297,938
RK Stokes (Alternate Director)	–	39,846

REMUNERATION REPORT

This report describes the remuneration arrangements for the directors and key management personnel of Seven West Media Limited.

As a consequence of the acquisition of the Seven Media Group, on 12 April 2011, the key management personnel of Seven West Media Limited changed. Further, as a consequence of this change, the structure of remuneration packages under which the key management personnel were employed, varied during the period.

Key management personnel prior to the acquisition of the Seven Media Group were engaged by the West Australian Newspaper Group, under contract terms and conditions applicable to the West Australian Newspaper Group. Subsequent to the acquisition, the key management personnel reflect a combination of executives engaged under the West Australian Newspaper Group structure and under the Seven Media Group structure.

This remuneration report provides details of both structures referred to above.

It is envisaged that, for the year ended 2012, all key management personnel of the Seven Media Group will be engaged on consistent remuneration package structures.

Remuneration details for the executives who became key management personnel following the acquisition of the Seven Media Group have been provided for the period from 12 April 2011, the date the new Group was formed, to the end of the reporting period. Where an executive ceased to be a key management personnel following the acquisition of the Seven Media Group, their remuneration has been disclosed for the period from 1July 2010 to 12 April 2011.

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

The Board has established a Remuneration & Nomination Committee (the "Committee"). Its role is described in the corporate governance statement in this annual report, and includes the following :

- To recommend to the Board the remuneration of non-executive directors, within the aggregate approved by shareholders;
- To recommend to the Board the remuneration and other conditions of service of the chief executive officer;
- To approve the remuneration and other conditions of service for senior executives reporting to the chief executive officer, based on the recommendations of the chief executive officer;
- 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:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation

Directors' Report

YEAR ENDED 25 JUNE 2011

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' 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 non-executive directors' 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 non-executive directors must be no more than the amount approved by shareholders in general meeting. The current aggregate is $1,500,000, which was approved at the AGM held on 18 November 2010.

The fees paid for the year to 25 June 2011 were $120,000 per annum for non-executive directors and $300,000 per annum for the chairman. The Company's statutory superannuation contributions are included in these amounts. Non-executive director fees were last increased in July 2007.

In order to more closely align the interests of the non-executive directors with shareholder interests in the creation of value for shareholders as a whole, non-executive directors are obliged to receive at least 25% of their annual fees in shares in the Company. These shares are purchased on-market at prevailing prices and must be held in trust for ten years unless the director retires or a specified event occurs.

In addition to the fees described above, Mr Flynn received an additional one off payment of $150,000. This payment represents a reimbursement for time spent, above the normal expectations of a director, as chairman of the independent directors committee, which was established in relation to the acquisition of Seven Media Group.

Chief executive officer and managing director

Mr Leckie's remuneration comprises of fixed remuneration and performance linked remuneration.

Fixed remuneration

From 12 April 2011, the date the new Group was formed following the acquisition of the Seven Media Group, to the end of the reporting period, Mr Leckie is entitled to a pro-rata fixed base salary of $510,574.71 inclusive of superannuation.

Performance linked remuneration

Mr Leckie is eligible for performance linked remuneration under the Seven Media Group's Performance Management Plan. This consists of a cash incentive which is intended to appropriately align with business objectives and to motivate and reward performance.

An "on-target" assessment shall result in performance-linked remuneration of up to 75% of the chief executive officer and managing director's base salary package, comprising a cash incentive which may be subject to vesting restrictions. The cash incentive shall not be provided in circumstances where individual performance is unsatisfactory. The Board approve the level of performance-linked remuneration paid to Mr Leckie based on a recommendation from the Remuneration and Nomination Committee.

The cash incentive under the Performance Management Plan consists of a lump sum payment following the end of the financial year. The Board has discretion to defer a portion of the incentive to make it subject to time vesting while the executive remains employed by the Company. Payments under the incentive are not guaranteed as they are dependent upon certain performance targets being reached. The performance targets comprise two parts – corporate goals and personal goals – and are measured over the relevant financial year.

The corporate goals are based on achievement of the relevant business unit and Seven Media Group Earnings Before Interest and Tax (EBIT). Personal goals are based upon performance against specified and weighted criteria, for example relating to ratings performance, sales performance and revenue share, budget, leadership and business planning. These performance hurdles were selected by the SMG Board to ensure the ongoing market leadership of the television and magazine businesses.

In certain circumstances a discretionary adjustment within established parameters may also be made to the incentive to reflect individual performance. The discretion may only be exercised where performance is assessed as exceeding set goals, with greater discretion where performance is assessed to be outstanding.

Chief executive officer - WA

Mr Wharton was the chief executive officer of the Group for the period up to the appointment of Mr Leckie, following the acquisition of the Seven Media Group. Concurrent with the appointment of Mr Leckie, Mr Wharton was appointed chief executive officer of Seven West Media, in Western Australia.

Directors' Report

YEAR ENDED 25 JUNE 2011

The remuneration package of the chief executive officer WA, including performance based incentives, is set by the Committee, on the recommendation of the chief executive officer and managing director. Where appropriate, the Committee directly seeks independent advice.

Mr Wharton's annual remuneration comprises a fixed annual remuneration (FAR) component, which is inclusive of superannuation and other benefits, a short term cash incentive (STI) and a long term equity incentive (LTI).

Mr Wharton's STI is assessed annually, based on his performance against a basket of Key Performance Indicators (KPIs), established at the commencement of each annual review period by the Committee and approved by the Board. The KPIs comprise both qualitative and quantitative targets, with each category given equal rating. Within the qualitative grouping there are six KPIs, which for the year ended 25 June 2011 focused on the development of the Group's reputation, engagement with the community, and the development of the Group's Regional and Online assets. The quantitative grouping comprised five KPIs and focused on revenue generation, circulation growth, cost management, profitability and health, safety and environment. The maximum STI that can be earned by Mr Wharton equates to 50% of his FAR. For the year ended 25 June 2011, Mr Wharton achieved an STI payout ratio of 70%.

Mr Wharton's LTI program, under which equity in the Company can be earned, has two hurdles, or assessment points, which ultimately determine his LTI entitlement.

The first hurdle provides access to the program, and establishes an unvested number of share rights. The second hurdle determines the number of shares that vest and thus will be received by Mr Wharton.

Under the first hurdle, which is applied annually on 30 June, Mr Wharton may be granted unvested share rights, in accordance with the following :

- Where reported EPS growth for the year is equal to CPI + 6%, Mr Wharton is granted an allocation equal in value to 25% of his FAR.
- Where reported EPS growth for the year is equal to CPI + 8%, Mr Wharton is granted an allocation equal in value to 50% of his FAR.
- Where reported EPS growth is between the two thresholds above, the allocation is determined on a pro-rata basis.

Once share rights have been granted, a second hurdle is applied to determine the number of shares that will ultimately vest.

The second hurdle is assessed three years after the shares were granted. The second hurdle is based on the Company's Total Shareholder Return (TSR).

The TSR performance hurdles are :

- If TSR is within the 50-75 percentile of a comparative group, then the percentage ranking, multiplied by the available LTI share rights, will vest.
- If TSR is within the 75-100 percentile of a comparative group, then the percentage of available LTI share rights that vest will be from 75% to 150% of the available share rights, calculated on a pro-rata basis.

In the event that minimum TSR performance hurdle for year three is not achieved, the share rights granted can be carried forward for two years, with a re-test performed in each of these years, based on the TSR over four or five years respectively.

The maximum value of shares issued under the LTI program, assuming all hurdles are passed at the highest level, equates to 75% of Mr Wharton's FAR.

For the year ended 25 June 2011 no share rights were granted under the terms of Mr Wharton's LTI program.

The Board believes it is in the best interest of the Company to ensure that Mr Wharton's annual remuneration package is reasonable and represents an appropriate reward for both the financial and operational results achieved during the period. The Board therefore reserves the right to, in exceptional circumstances, make a discretionary allocation of share rights.

Should the Company terminate Mr Wharton's contract, other than for serious misconduct, Mr Wharton will be entitled to 3 months notice. In lieu of such notice, he may be paid an amount determined by reference to his fixed annual remuneration.

Executives – Seven West Media Limited

From 12 April 2011, the date of the acquisition of the Seven Media Group, several executives of the Seven Media Group became key management personnel of Seven West Media. For the period commencing 12 April 2011 to the end of the reporting period, these Seven West Media Limited executives had their remuneration set to comprise of fixed and performance linked variable pay.

These executives are eligible for performance linked remuneration under the Seven Media Group Performance Management Plan. The terms under the plan which apply to the executives are broadly similar to those applying to Mr Leckie.

Directors' Report

YEAR ENDED 25 JUNE 2011

An "on-target" assessment shall result in performance-linked remuneration of 50% of the base salary package, comprising a cash incentive which may be subject to vesting restrictions. Personal goals are assessed and weighted against specified criteria, for example relating to ratings performance, sales budgets, revenue share, budgets, circulation and leadership. The cash incentive shall not be provided in circumstances where individual performance is unsatisfactory.

The remuneration packages of executives, including performance based incentives, were set by the Seven Media Group Remuneration Committee, on the recommendation of the chief executive officer. The objective of the Seven Media Group executive reward framework is to ensure reward for performance is competitive with other employers and appropriate for the results delivered.

Executives – former West Australian Newspaper Group

The former West Australian Newspaper Group executives held office for the full year. Subsequent to the acquisition of the Seven Media Group, several of these executives are no longer considered to be key management personnel. In these instances their remuneration has been disclosed for the period that they were considered key management personnel of Seven West Media.

The remuneration packages of executives, including performance based incentives, are set by the Committee, on the recommendation of the CEO. Where appropriate, the Committee directly seeks independent advice.

The objective of the Company's executive reward framework is to ensure reward for performance is competitive with other employers and appropriate for the results delivered.

The reward structure aligns the interests of executives with shareholders' interests as it has economic profit as a core component of the plan's design, coupled with a focus on key non-financial drivers of value. The plan provides a clear structure for earning rewards and provides recognition for contribution to growth in the Company's profits and value.

The executive remuneration packages provide a mix of fixed annual remuneration (FAR) and at risk short term cash incentives (STIs).

Executives' FAR is reviewed annually, or in line with promotion or increased responsibility, to ensure the executive's remuneration is competitive with the market.

Executives' FAR can include non-cash benefits, which may include the use of a motor vehicle.

There are no guaranteed FAR increases included in any executive's contract.

The executives participate in an STI program. Under the program, should the executives achieve pre-determined targets set by the Committee then cash incentives are payable to executives. The incentive targets are leveraged for performance above a threshold to provide an incentive for executive performance.

The maximum STI that can be earned by the executives is between 40% and 75% of the executive's FAR. Details of the relative proportions for each executive are contained in section B of this report.

Targets, which are established annually at the commencement of each annual review period, include both a quantitative and qualitative component, developed with reference to the accountabilities of the role and its impact on organisation or business unit performance.

Although the exact composition of KPIs varies for each executive, broadly speaking each executive has eight KPIs which are given equal weighting between qualitative and quantitative targets.

Within the qualitative grouping the KPIs, for the year ended 25 June 2011, focused on the development of the Group's reputation, engagement with the community, the development of the Group's Regional and Online assets and the maintenance of appropriately resourced and structured operating divisions. The quantitative KPIs focused on revenue generation, circulation growth, cost management, profitability and health, safety and environment.

The average STI payout ratio, for the year, was 56%, (last year 85%).

Link between remuneration policy and company performance

Seven West Media Limited

From 12 April 2011, the date the new Group was formed following the acquisition of the Seven Media Group, to the end of the reporting period, Seven West Media executives, who were formally executives of Seven Media Group, had their remuneration policy linked to the EBIT performance of the individual business units and the Seven Media Group.

Former West Australian Newspaper Group

The Company's remuneration policy aligns the level of STIs paid to the profit growth of the Company. The theme of linking remuneration policy directly to company performance for 2011/12 is extended to long term incentives (LTIs) granted to the chief executive officer WA, who is entitled to receive share rights on the basis outlined above.

The Committee considers that the performance linked remuneration structure adopted by the Company is generating an outcome that is aligned with the generation of shareholder wealth.

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

	2007	2008	2009	2010	2011
Profit after tax (before significant items*) ($'000's)	128,437	127,342 (a)	97,091	96,223	140,452
Profit after tax (as reported) ($'000's)	53,968	109,935	87,244	96,223	115,122
Ordinary dividends per share with respect to year (cents)	61.0	53.0	33.0	45.0	45.0
Diluted earnings per share					
(as reported) (cents)	25.8	52.5	41.5	45.0	37.5
Diluted earnings per share (before significant items*) (cents)	61.4	60.9 (a)	46.2	45.0	45.8
Growth/(decline) in earnings per share (before significant items*) (%)	19.5	13.8 (a)	(24.1)	(2.6)	1.8
Share price as at reporting date ($)	13.70	7.90	4.36	6.54	4.00

(a) For the purposes of calculating the 2008 percentage EPS movement, the profit after tax (before significant items) for 2007 was restated to $111,885,000 to exclude the discontinued Hoyts operations. In 2008, the after-tax profit on the sale of the commercial printing operation's property of $5,386,000 was a management KPI and is thus included in the profit after tax.

* For details of significant items refer note 7 to the financial statements.

B. DETAILS OF REMUNERATION

Amounts of remuneration

Details of the remuneration of the directors of Seven West Media Limited and key management personnel of the Group, are set out in the following tables.

The key management personnel of the Group at 25 June 2011 are the directors of Seven West Media Limited (as per page 31 above), the chief executive officer and managing director, and certain executives that report directly to the chief executive officer. The key management personnel of the Group changed on 12 April 2011, as a consequence of the acquisition of the Seven Media Group.
The remuneration disclosed for the executives of Seven West Media reflects their remuneration for the period that they were considered to be key management personnel.

With the exception of Mr Wharton and Mr Bryant, whose remuneration has been disclosed for the full year, the remuneration for the key management personnel of the Group post transaction has been disclosed for the period from 12 April 2011 to the end of the reporting period.

The remuneration for the West Australian Newspaper Group executives has been disclosed from 1 July 2010 to 12 April 2011, the date that they ceased to be key management personnel.

Key management personnel, whose remuneration has been disclosed in this report are:

Seven West Media Limited	
DJ Leckie	Group Chief Executive Officer and Managing Director
CS Wharton	Chief Executive Officer WA
PJ Bryant	Company Secretary & Chief Financial Officer (WA)
KJ Burnette	Chief Sales & Digital Officer
N Chan	Chief Executive Officer Pacific Magazines
PJ Lewis	Group Chief Financial Officer
BI McWilliam	Commercial Director
TG Worner	Director of Programming & Production

Directors' Report

YEAR ENDED 25 JUNE 2011

Key management personnel prior to the acquisition of Seven Media Group

DM Bignold	Sales Director
RA Billington	General Manager – Marketing and Circulation
BA McCarthy	Editor, The West Australian
LM Roche	General Manager – Group Operations and Information Technology

2011	SHORT–TERM BENEFITS			POST–EMPLOYMENT BENEFITS			
Name	**Cash salary & fees $**	**Cash bonus & incentives $**	**Non-monetary benefits $**	**Super-annuation $**	**Termination benefits $**	**Share-based payments $**	**Total $**
NON-EXECUTIVE DIRECTORS OF THE COMPANY							
KM Stokes AC - Chairman	153,190	–	–	9,375	–	(i) 47,709	210,274
DR Flynn	81,900	(ii) 150,000	–	10,800	–	(i) 27,300	270,000
PJT Gammell	91,326	–	–	11,648	–	(i) 27,300	130,274
GT John AO	81,900	–	–	10,800	–	(i) 27,300	120,000
JC Reizes (appointed 19/4/11)	26,488	–	–	3,098	–	(i) 5,688	35,274
DR Voelte	81,900	–	–	10,800	–	(i) 27,300	120,000
SMC Walsh AO	54,600	–	–	10,800	–	(i) 54,600	120,000
EXECUTIVE DIRECTOR OF THE COMPANY							
DJ Leckie (appointed 16/5/11) (from 12/4/11)	510,575	205,479	6,452	3,123	–	–	725,629
KEY MANAGEMENT PERSONNEL OF THE GROUP							
CS Wharton	787,444	(vii) 300,000	(viii) 43,631	15,199	–	(ix) 67,784	1,214,058
PJ Bryant	(x) 443,355	(iv) 83,600	(viii) 27,510	15,199	–	–	569,664
KJ Burnette (from 12/4/11)	167,419	109,038	–	3,242	–	–	279,699
N Chan (from 12/4/11)	142,591	11,558	(viii) 8,396	3,123	–	–	165,668
PJ Lewis (from 12/4/11)	86,407	34,932	(viii) 77,960	3,123	–	–	202,422
BI McWilliam (from 12/4/11)	222,904	53,682	–	3,123	–	–	279,709
TG Worner (from 12/4/11)	200,342	124,604	–	5,137	–	–	330,083
KEY MANAGEMENT PERSONNEL PRIOR TO THE ACQUISITION OF SEVEN MEDIA GROUP							
DM Bignold (to 12/4/11)	211,966	(iii) 91,926	(viii) 21,211	11,297	–	–	336,400
RA Billington (to 12/4/11)	217,580	(iv) 78,023	–	12,033	–	–	307,636
BA McCarthy (to 12/4/11)	239,813	(v) 110,252	–	12,033	–	–	362,098
LM Roche (to 12/4/11)	224,809	(vi) 146,495	(viii) 20,045	12,033	–	–	403,382
Totals	**4,026,509**	**1,499,589**	**205,205**	**165,986**	**–**	**284,981**	**6,182,270**

(i) Shares in the Company acquired on-market in terms of the Non-Executive Directors Share Plan, approved by shareholders at the annual general meeting of the Company on 7 November 2002.
(ii) One-off payment in recognition of time spent in relation to the acquisition of Seven Media Group.
(iii) STI being 50% of available STI (50% forfeited).
(iv) STI being 45% of available STI (55% forfeited).
(v) STI being 58% of available STI (42% forfeited).
(vi) STI being 75% of available STI (25% forfeited).
(vii) STI being 70% of available STI (30% forfeited).
(viii) Provision of motor vehicle and other non-monetary benefits.
(ix) Relates to discretionary grant of 41,081 share rights on 3 August 2010 – refer page 40 for further details. No share rights available under Mr Wharton's LTI program were granted during the financial year.
(x) Includes $39,183, being the payout of excessive leave entitlement.

Directors' Report

YEAR ENDED 25 JUNE 2011

The five highest paid executives of the Group during the year ended 25 June 2011 are reflected in the following table.

2011	SHORT–TERM BENEFITS			POST–EMPLOYMENT BENEFITS			
Name	**Cash salary and fees** $	**Cash bonus & incentives** $	**Non-monetary benefits** $	**Super-annuation** $	**Termination benefits** $	**Share-based payments** $	**Total** $
DJ Leckie (from 12/4/11)	510,575	205,479	6,452	3,123	–	–	725,629
CS Wharton	787,444	300,000	43,631	15,199	–	67,784	1,214,058
PJ Bryant	443,355	83,600	27,510	15,199	–	–	569,664
BA McCarthy	302,922	139,266	–	15,199	–	–	457,387
LM Roche	283,969	185,046	30,239	15,199	–	–	514,453

Subsequent to the conclusion of the 2011 financial year, the Board, on the recommendation of the Remuneration & Nomination Committee, approved the granting of the following discretionary share rights:

a) 69,986 share rights to Mr Wharton, on 12 August 2011, the rights will vest in accordance with the TSR hurdles, outlined earlier in this report.

b) 185,519 share rights to Mr Leckie, on 20 September 2011, the rights will vest over three years, with one third vesting each year on the anniversary of the date the rights were granted, so long as Mr Leckie remains an employee of the Company.

Directors' Report

YEAR ENDED 25 JUNE 2011

2010	SHORT–TERM BENEFITS			POST–EMPLOYMENT BENEFITS			
Name	Cash salary and fees $	Cash bonus & incentives $	Non-monetary benefits $	Super-annuation $	Termination benefits $	Share-based payments $	Total $
NON–EXECUTIVE DIRECTORS OF THE COMPANY							
KM Stokes AC – Chairman	214,691	–	–	13,745	–	(i) 71,564	300,000
DR Flynn	81,900	–	–	10,800	–	(i) 27,300	120,000
PJT Gammell	81,900	–	–	10,800	–	(i) 27,300	120,000
GT John AO	81,900	–	–	10,800	–	(i) 27,300	120,000
DR Voelte	81,900	–	–	10,800	–	(i) 27,300	120,000
SMC Walsh AO	54,600	–	–	10,800	–	(i) 54,600	120,000
OTHER KEY MANAGEMENT PERSONNEL OF THE GROUP							
DM Bignold (viii)	253,587	(ii) 200,000	(vii) 25,320	14,461	–	–	493,368
RA Billington	259,255	(iii) 140,304	–	14,461	–	–	414,020
PJ Bryant	381,704	(iv) 125,339	(vii) 27,510	14,461	–	–	549,014
BA McCarthy	266,255	(v) 200,000	–	12,983	–	–	479,238
LM Roche	272,490	(vi) 188,004	(vii) 30,239	14,461	–	–	505,194
CS Wharton	739,599	(iv) 333,466	–	14,461	–	(ix) –	1,087,526
TL Garven (retired 6/11/09)	128,423	–	–	14,461	(x) 57,054	–	199,938
PF Stevens (retired 30/11/09)	112,916	–	(vii) 10,614	13,942	(x) 154,897	–	292,369
Totals	**3,011,120**	**1,187,113**	**93,683**	**181,436**	**211,951**	**235,364**	**4,920,667**

(i) Shares in the Company acquired on-market in terms of the Non-Executive Directors Share plan, approved by shareholders at the annual general meeting of the Company on 7 November 2002.
(ii) STI being 89% of available STI (11% forfeited).
(iii) STI being 69% of available STI (31% forfeited).
(iv) STI being 87% of available STI (13% forfeited).
(v) STI being 95% of available STI (5% forfeited).
(vi) STI being 79% of available STI (21% forfeited).
(vii) Provision of motor vehicle.
(viii) Mr Bignold commenced with the Group during the previous financial year and was appointed to the position of Sales Director on 1/8/09. Remuneration disclosed in this report is for the whole of the financial year ended 30/6/10.
(ix) No share rights available under Mr Wharton's LTI program were granted. Subsequent to the 2010 financial a discretionary granting of share rights was made to Mr Wharton – refer note below.
(x) Termination benefits are determined by reference to the employee's contractual entitlement. Amount does not include termination benefits accrued at 30/6/09 and paid during 2009/10.

Subsequent to the conclusion of the 2010 financial year, the Board, on the recommendation of the Remuneration & Nomination Committee, approved a discretionary granting of 41,081 share rights to Mr Wharton on 3 August 2010. In making this discretionary allocation, the Board considered the following items:

- The Group had been impacted by the Global Financial Crisis and had performed very well, under the circumstances.
- The Group's reported net profit after tax was up 18% on internal budgets.
- The Company share price was up 50%, compared to the prior year.
- The Group had reduced net debt by 18%.
- The CEO had successfully delivered significant change and improvement to the Group.

The share rights will vest in accordance with the TSR hurdles, outlined earlier in this report.

Further information on remuneration of directors and other key management personnel is set out in the corporate governance statement and note 24 to the financial statements.

Directors' Report

YEAR ENDED 25 JUNE 2011

The relative proportions of total possible remuneration that are linked to performance and those that are fixed are as follows:

NAME	FIXED REMUNERATION		AT RISK – STI (AT MAX)		AT RISK – LTI (AT MAX)	
	2011	2010	2011	2010	2011	2010 *
SEVEN WEST MEDIA LIMITED						
DJ Leckie	57%	N/A	43%	N/A	N/A	N/A
CS Wharton	44%	44%	22%	22%	34%	34%
PJ Bryant	70%	75%	30%	25%	–	–
KJ Burnette	65%	N/A	35%	N/A	N/A	N/A
N Chan	70%	N/A	30%	N/A	N/A	N/A
PJ Lewis	51%	N/A	49%	N/A	N/A	N/A
BI McWilliam	66%	N/A	34%	N/A	N/A	N/A
TG Worner	60%	N/A	40%	N/A	N/A	N/A
KEY MANAGEMENT PERSONNEL PRIOR TO THE ACQUISITION OF SEVEN MEDIA GROUP						
DM Bignold	57%	57%	43%	43%	–	–
RA Billington	57%	57%	43%	43%	–	–
BA McCarthy	57%	57%	43%	43%	–	–
LM Roche	57%	57%	43%	43%	–	–
TL Garven (retired 6/11/09)	–	100%	–	–	–	–
PF Stevens (retired 30/11/09)	–	100%	–	–	–	–

* The LTI plan for executives other than the chief executive officer was terminated on 1 July 2009.

Further information on remuneration of directors and other key management personnel is set out in the corporate governance statement and note 24 to the financial statements.

C. SERVICE AGREEMENTS

The terms of employment for the chief executive officer and managing director, 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.

Chief executive officer and managing director and other key management personnel

Name	Duration of Contract	Period of Notice Required to Terminate the Contract	Termination Benefits
DJ Leckie	Three years	Six months' notice given by either party after the fixed term.	Remainder of contract term, plus notice period, to a maximum of 12 months
KJ Burnette	Three years	Three months' notice given by either party after the fixed term.	
N Chan	Three years	Three months' notice given by either party after the fixed term.	
PJ Lewis	Three years	Three months' notice given by either party after the fixed term.	
BI McWilliam	Three years	Three months' notice given by either party after the fixed term.	
TG Worner	Three years	No specified period.	
CS Wharton	Open ended	One month's notice.	3 months
PJ Bryant	Open ended	One month's notice.	9 months

Directors' Report

YEAR ENDED 25 JUNE 2011

D. SHARE-BASED COMPENSATION

a) Executive and employee share plans

Prior to 2003, the Company offered plans for the purchase of shares in the Company by executives and employees. Details of the plans are as follows:

i) West Australian Newspapers Holdings Limited Executive Share Purchase and Loan Plan

This plan was approved at the annual general meeting of the Company on 9 October 1992. The operation of this plan has been suspended and no executives have been invited to apply for shares since 2002.

ii) West Australian Newspapers Holdings Limited Employee Share Plan

This plan was approved at the annual general meeting of the Company on 22 October 1993. The operation of the plan has been suspended and no employees have been invited to apply for shares since 2002.

b) Non-executive directors share plan

Information regarding shares issued under the non-executive directors share plan can be found in sections A and B of the remuneration report on pages 34 to 40 and in note 32 to the financial statements.

Insurance of directors and officers

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.

The board of directors has considered the position and, in accordance with the advice received from the audit 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 have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor's independence as set out in APES 110 Code of Ethics for Professional Accountants.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 43.

Details of amounts paid or payable to the auditor, PricewaterhouseCoopers, for audit and non-audit services provided during the year are set out in note 25 to the financial statements.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

KM Stokes AC
Chairman

Perth, Western Australia
20 September 2011

Auditor's Independence Declaration

YEAR ENDED 25 JUNE 2011

Auditor's Independence Declaration

As lead auditor for the audit of Seven West Media Limited for the year ended 25 June 2011, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Seven West Media Limited and the entities it controlled during the period.

DS Wiadrowski
Partner
PricewaterhouseCoopers

20 September 2011

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Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 25 JUNE 2011

	Notes	2011 $'000	2010 $'000
Revenue	4	**725,691**	408,691
Other income	4	**73**	468
Depreciation and amortisation (excluding program rights amortisation)	5	**(30,373)**	(20,932)
Advertising and marketing expenses		**(16,467)**	(5,991)
Printing, selling and distribution (including newsprint and paper)		**(88,494)**	(75,403)
Media content (including program rights amortisation)		**(105,094)**	(6,087)
Employee benefits expense		**(173,680)**	(111,816)
Raw materials and consumables used (excluding newsprint and paper)		**(9,277)**	(9,326)
Repairs and maintenance		**(7,964)**	(5,780)
Licence fees		**(13,417)**	-
Transaction costs	7	**(26,380)**	-
Other expenses from ordinary activities		**(44,355)**	(24,129)
Share of net profit of equity accounted investees	13	**7,304**	3,869
Profit before net finance costs and income tax		**217,567**	153,564
Finance income	6	**6,569**	483
Finance costs	6	**(50,606)**	(19,938)
Net finance costs		**(44,037)**	(19,455)
Profit before income tax		**173,530**	134,109
Income tax expense	8	**(58,408)**	(37,886)
Profit for the year		**115,122**	96,223
Other comprehensive income			
Interest rate cash flow hedges		**720**	3,334
Income tax relating to components of other comprehensive income		**(216)**	(1,000)
Other comprehensive income for the year, net of tax		**504**	2,334
Total comprehensive income for the year attributable to owners of the Company		**115,626**	98,557
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share	31	**38.6 cents**	45.4 cents
Diluted earnings per share	31	**37.5 cents**	45.0 cents

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 25 JUNE 2011

	Notes	2011 $'000	2010 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**118,567**	12,065
Trade and other receivables	10	**315,515**	54,452
Program rights and inventories	11	**127,697**	13,123
Other assets	12	**6,633**	3,253
Total current assets		**568,412**	82,893
Non-current assets			
Program rights and inventories	11	**1,544**	-
Investments accounted for using the equity method	13	**346,815**	11,228
Available-for-sale financial assets	14	**777**	777
Property, plant and equipment	15	**282,081**	213,523
Intangible assets	16	**3,862,939**	132,869
Deferred tax assets	8	**25,244**	-
Total non-current assets		**4,519,400**	358,397
Total assets		**5,087,812**	441,290
LIABILITIES			
Current liabilities			
Trade and other payables	17	**339,952**	15,278
Provisions	18	**62,107**	13,644
Deferred income	19	**19,708**	1,962
Borrowings	20	**136,000**	-
Current tax liabilities		**9,718**	6,434
Total current liabilities		**567,485**	37,318
Non-current liabilities			
Trade and other payables	17	**62,073**	547
Provisions	18	**15,267**	950
Deferred income	19	**5,438**	-
Borrowings	20	**1,926,070**	261,000
Deferred tax liabilities	8	**-**	10,924
Total non-current liabilities		**2,008,848**	273,421
Total liabilities		**2,576,333**	310,739
Net assets		**2,511,479**	130,551
EQUITY			
Share capital	21	**2,489,061**	126,520
Reserves	22	**159**	(413)
Retained earnings		**22,259**	4,444
Total equity		**2,511,479**	130,551

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 25 JUNE 2011

	Notes	Share capital $'000	Cash flow hedge reserve $'000	Equity compensation reserve $'000	(Accumulated deficit)/ retained earnings $'000	Total equity $'000
Balance at 1 July 2009		**100,949**	**(2,896)**	**149**	**(30,399)**	**67,803**
Profit for the year		-	-	-	96,223	96,223
Cash flow hedge gains taken to equity		-	3,334	-	-	3,334
Income tax on other comprehensive income		-	(1,000)	-	-	(1,000)
Other comprehensive income for the year, net of tax		-	2,334	-	-	2,334
Total comprehensive income for the year		-	2,334	-	96,223	98,557
Transactions with owners in their capacity as owners						
Proceeds relating to shares issued pursuant to the executive and employee share plan	21(a)	1,128	-	-	-	1,128
Dividend reinvestment plan share issues	21(a)	24,443	-	-	-	24,443
Dividends paid	23	-	-	-	(61,380)	(61,380)
Total transactions with owners		25,571	-	-	(61,380)	(35,809)
Balance at 30 June 2010		**126,520**	**(562)**	**149**	**4,444**	**130,551**
Profit for the year		-	-	-	115,122	115,122
Cash flow hedge gains taken to equity		-	720	-	-	720
Income tax on other comprehensive income		-	(216)	-	-	(216)
Other comprehensive income for the year, net of tax		-	504	-	-	504
Total comprehensive income for the year		-	504	-	115,122	115,626
Transactions with owners in their capacity as owners						
Proceeds relating to shares issued pursuant to the executive and employee share plan	21(a)	387	-	-	-	387
Dividend reinvestment plan share issues	21(a)	24,136	-	-	-	24,136
Issue of ordinary shares related to business combination	21(a)	951,063	-	-	-	951,063
Issue of convertible notes related to business combination	21(b)	250,000	-	-	-	250,000
Proceeds from other issues of ordinary shares	21(a)	1,153,795	-	-	-	1,153,795
Transaction costs arising on share issues	21(a)	(22,986)	-	-	-	(22,986)
Current tax recognised directly in equity	21(a)	1,354	-	-	-	1,354
Deferred tax recognised directly in equity	21(a)	4,792	-	-	-	4,792
Dividends paid	23	-	-	-	(97,307)	(97,307)
Increase in share option reserve in respect of share based payment expense		-	-	68	-	68
Total transactions with owners		2,362,541	-	68	(97,307)	2,265,302
Balance at 25 June 2011		**2,489,061**	**(58)**	**217**	**22,259**	**2,511,479**

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 25 JUNE 2011

	Notes	2011 $'000	2010 $'000
Cash flows related to operating activities			
Receipts from customers		**859,398**	447,216
Payments to suppliers and employees		**(660,327)**	(296,080)
Dividends received from equity accounted investees		**6,166**	4,250
Interest and other items of similar nature received		**6,098**	483
Interest and other costs of finance paid		**(40,102)**	(20,227)
Income taxes paid		**(30,288)**	(32,207)
Net operating cash flows	33	**140,945**	103,435
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment	15	**(14,710)**	(8,208)
Deposit paid for purchase of property		**(1,000)**	-
Proceeds from sale of property, plant and equipment		**246**	394
Payments for software	16	**(4,135)**	(5,738)
Cash acquired on acquisition of controlled entity	29	**65,881**	-
Net investing cash flows		**46,282**	(13,552)
Cash flows related to financing activities			
Proceeds from issues of shares		**1,153,795**	-
Proceeds relating to shares issued pursuant to the executive and employee share purchase plans		**387**	1,128
Share issue costs	21	**(22,986)**	-
Proceeds from borrowings		**73,000**	176,000
Repayment of borrowings		**(1,211,750)**	(233,000)
Dividends paid		**(73,171)**	(36,928)
Net financing cash flows		**(80,725)**	(92,800)
Net increase/(decrease) in cash and cash equivalents		**106,502**	(2,917)
Cash and cash equivalents at the beginning of the year		**12,065**	14,982
Cash and cash equivalents at the end of the year	9	**118,567**	12,065

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of this consolidated financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Seven West Media Limited (the "Company" or "Parent Entity") and its subsidiaries. Prior to 12 April 2011, the Group consisted of West Australian Newspapers Holdings Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of the Seven West Media Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative instruments held at fair value.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Recoverable amounts of intangible assets

The Group tests annually whether goodwill and intangibles with indefinite useful lives have suffered any impairment in accordance with the accounting policy stated in note 1(j). The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of assumptions. Refer to note 16 for details of these assumptions.

Other assets

The Group also tests other assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Comparatives

Comparative information is reclassified where appropriate to enhance comparability.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Seven West Media Limited as at 25 June 2011 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."

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation (continued)

(i) Subsidiaries (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(i)).

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.

(ii) Associates and jointly controlled entities

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Jointly controlled entities are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Investments in associates and jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting (equity accounted investees), after initially being recognised at cost. The Group's investment in equity accounted investees includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its equity accounted investees' post-acquisition profits or losses is recognised in profit or loss, its share of associates' post-acquisition movements in reserves is recognised in reserves and its share of jointly controlled entities' post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends 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 on transactions between the Group and its equity accounted investees are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. 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 and other relevant members of the executive team.

(d) 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, which is the Group's 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of commissions, discounts, rebates, returns, trade allowances and duties and taxes paid. The Group recognises revenue when the amount of 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. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Revenue is recognised for the major business activities as follows:

(i) Advertising

Revenue is recognised when the advertisement has been published or broadcast.

(ii) Circulation and commercial printing

Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer.

(iii) Program sales

Program sales revenue is recognised upon delivery of episodes to the buyer. Affiliate revenue is recognised as it is accrued.

(iv) Government grants

Government grants are recognised initially in the statement of financial position as deferred income when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to the reimbursement of an expense item, it is recognised in profit or loss over the periods necessary to match the costs that it is intended to compensate.

When the grant relates to the cost of an asset, the amount received is credited to a deferred income account and is released to profit or loss over the lifetime of the asset on a systematic basis.

(v) Rendering of services

Revenue is recognised when the service has been performed.

(vi) Rents

Rents are recognised on a time proportion basis.

(vii) Dividends

Dividends are recognised when the right to receive payment is established.

(f) Finance income and costs

Interest revenue is recognised on a time proportion basis that takes into account the effective yield on the asset.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(g) Income tax

The income tax expense for the year is the tax payable on the current year's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Management have determined that deferred tax assets and deferred tax liabilities associated with intangibles that have an indefinite useful life, such as mastheads, should be measured based on the tax consequences that would follow from the sale of that asset. Deferred tax assets are only booked where recovery of that asset is probable.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation

The Company is a member of the tax consolidated group of which Seven West Media Limited is the head entity. The tax consolidated group includes, among other entities, all the Australian wholly-owned subsidiaries set out in note 30. The Company became a member of the Seven West Media Limited tax consolidated group on 12 April 2011. Prior to 12 April 2011, the Company was a member of a tax consolidated group of which West Australian Newspapers Holdings Limited was the head entity.

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.

(h) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 27). 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.

Lease income from operating leases, where the Group is a lessor, is recognised in income on a straight-line basis over the lease term.

(i) Acquisition of assets 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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Acquisition of assets and business combinations (continued)

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.

(j) Impairment of assets

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. 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 value in use.

For the purposes of assessing impairment, 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

(l) 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 due for settlement within 30-90 days.

The collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amounts directly. A provision for impairment of trade receivables 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (not settled within the terms and conditions that have been agreed with the relevant customer) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss in other expenses. When a trade receivable for which a provision for impairment had been recognised becomes uncollectible in a subsequent period, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Program rights

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.

Recognition

Television program assets and 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.

Amortisation policy

The Group's amortisation policy requires the amortisation of purchased programs on a straight line basis over a life of one year from commencement of the rights period or over the rights period of the contract (whichever is the lesser). Produced programs are expensed on telecast or in full on the twelfth month after completion period.

(n) Inventories

Finished goods, raw materials and stores are stated at the lower of cost and net realisable value. Cost comprises expenditure incurred in acquiring the inventories, direct labour and materials, directly attributable fixed and variable overheads and may also include the transfer from other comprehensive income of any gains or losses on qualifying cash flow hedges relating to foreign currency purchases of inventory. Costs are assigned to individual items of inventory, generally on the basis of first-in first-out. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(o) Investments and other financial assets

The Group classifies its financial assets in the following categories:

(i) Loans and 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 with no intention of selling the receivable. 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 included in receivables in the statement of financial position. Loans and receivables are carried at amortised cost using the effective interest method.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets and include investments in equity securities 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.

Regular purchases and sales of financial assets are recognised on trade-date, being the date on which the Group commits to purchase or sell the asset. Financial assets, other than those at fair value through profit and loss, are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale 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.

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 values of quoted investments are based on current bid prices. If the market for a financial asset 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Investments and other financial assets (continued)

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. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

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.

(p) Derivatives and hedging activities

The Group is party to derivative financial instruments on recognised liabilities 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 in note 17. 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 the 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.

(q) 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.

(r) Property, plant and equipment

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Property, plant and equipment (continued)

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.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Leasehold improvements	40 years
Printing presses and publishing equipment	15 years
Other plant and equipment	3-10 years

The assets' 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 (note 1(j)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(s) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and jointly controlled entities is included in investments in associates and jointly controlled entities. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 3).

(ii) Newspaper mastheads and radio licenses

The newspaper mastheads and radio licences of the Group are considered by the directors to be identifiable intangible assets. The carrying amounts of these assets are not amortised as the directors have determined them to have indefinite useful lives. Instead, newspaper mastheads and radio licences are tested for impairment annually, or whenever there is an indication that they may be impaired - refer note 1(j). Newspaper mastheads and radio licences are carried at cost less accumulated impairment losses.

(iii) Magazine mastheads

The magazine mastheads are carried at cost less accumulated impairment losses. No amortisation is provided against the carrying amount as the directors believe that the lives of these assets are indefinite. Instead, magazine mastheads are tested for impairment annually, or whenever there is an indication that they may be impaired - refer note 1(j). Magazines mastheads are carried at cost.

(iv) Magazine licences

The magazine licences are carried at the cost of acquisition less accumulated impairment losses and are amortised on a straight-line basis over the period of the licences ranging from eight to 25 years.

(v) Television licences

The television licences are renewable every five years under the provisions of the Broadcasting Services Act 1992. The directors have no reason to believe that they will not be renewed. Television licences are considered to have an indefinite useful life and no amortisation is charged. Instead, television licences are tested for impairment annually, or whenever there is an indication that they may be impaired - refer note 1(j). Television

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Intangible assets (continued)

(v) Television licences (continued)

licences are carried at cost.

(vi) Program copyrights

Program copyrights are carried at cost less accumulated impairment losses and are amortised on a straight line basis over the period of the rights.

(vii) Computer software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Cost capitalised include external direct costs of materials and service. Amortisation is calculated on a straight-line basis over periods generally ranging from three to ten years.

(t) Trade and other payables

These amounts 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 of recognition.

(u) Borrowings

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 using the effective interest method. Any related accrued interest is included in trade creditors and accruals.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(v) Provisions

Provisions for libel and legal claims against the Group are recognised when it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are 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.

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

(w) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. Sick leave is recognised in profit or loss when the leave is taken and measured at the rates paid.

(ii) Other long-term employee benefit obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and 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 using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Employee benefits (continued)

(ii) Other long-term employee benefit obligations (continued)

discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to executives and employees in accordance with the Company's share purchase and loan plans and employment agreements. Information relating to these plans is set out in note 32.

The fair value of the rights granted is recognised as an employee benefits 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-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(iv) Short term incentives and bonus plans

A liability for employee benefits in the form of short term incentives and bonus plans is recognised in the provision for employee benefits when there is no realistic alternative but 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
- the amounts to be paid are determined before the time of completion of the financial report, or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for short term incentives and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(v) Termination benefits

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. Benefits falling due more then 12 months after the end of the reporting period are discounted to present value.

(vi) Superannuation

Contributions made by the Company to defined contribution employee superannuation funds are charged to profit or loss in the period employees' services are provided.

(x) Share capital

Ordinary shares and convertible preference shares are classified as equity (for information on ordinary shares and convertible preference shares, refer to note 21). 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.

(y) Dividends

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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income 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.

(aa) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net 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 with 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.

(ab) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(ac) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 25 June 2011 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) ***AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*** (effective from 1 January 2013). AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. No such gains or losses were recorded in other comprehensive income in the current reporting period. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from *AASB 139 Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

(ii) ***Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards*** (effective from 1 January 2011). In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the amended standard from 26 June 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) New accounting standards and interpretations (continued)

(iii) ***AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement*** (effective from 1 January 2011). In December 2009, the AASB made an amendment to Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* . The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The Group does not make any such prepayments. The amendment is therefore not expected to have any impact on the Group's financial statements. The Group intends to apply the amendment from 26 June 2011.

(iv) ***AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*** (effective from 1 July 2013). On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Seven West Media Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the Entity.

(v) ***AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets*** (effective for annual reporting periods beginning on or after 1 July 2011). Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the Group's disclosures. The Group intends to apply the amendment from 26 June 2011.

(vi) ***AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets*** (effective from 1 January 2012). In December 2010, the AASB amended AASB 112 *Income Taxes* to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The Group will apply the amendment from 1 July 2012. It is currently evaluating the impact of the amendment.

(ad) Parent entity financial information

The financial information for the Parent Entity, Seven West Media Limited, disclosed in note 34 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost in the financial statements of Seven West Media Limited. Dividends received from associates are recognised in the Parent Entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Change in accounting policy

The Group has changed its accounting policy for dividends paid out of pre-acquisition profits from 1 July 2009 when the revised AASB 127 *Consolidated and Separate Financial Statements* became operative. Previously, dividends paid out of pre-acquisition profits were deducted from the cost of the investment. In accordance with the transitional provisions, the new accounting policy is applied prospectively. It was therefore not necessary to make any adjustments to any of the amounts previously recognised in the financial statements.

(ii) 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit 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 caps and swaps) 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 aging analysis for credit risk.

Risk management is carried out by the finance department under policies approved by the board of directors. The policies provide principles for overall risk management, as well as policies covering specific areas such as interest rate risk.

Market risk

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

(i) Price risk

The Group is not exposed to significant price risk.

(ii) Cash flow and fair value 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's main interest rate risk arises from long-term borrowings. Borrowings issued 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 and caps. The amount of interest rate hedging in place from these swaps and caps at financial year end is equal to 53% of Group variable rate borrowings.

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

As at the end of the reporting period, the Group had the following variable and fixed rate financial instruments:

	25-Jun-2011		30-Jun-2010	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Variable rate instruments:				
Cash at bank, on hand and at call	4.93%	(118,567)	4.00%	(12,065)
Bank loans	6.83%	1,531,070	n/a	-
Bills payable	6.66%	216,000	5.78%	261,000
Interest rate caps (notional principal amount)	7.16%	(550,000)	n/a	-
Interest rate swaps (notional principal amount)	7.86%	(370,000)	6.99%	(150,000)
Net exposure to cash flow interest rate risk		708,503		98,935
Fixed rate instruments:				
Secured notes	11.21%	315,000	n/a	-
Net exposure to fair value interest rate risk		315,000		-

An analysis by maturities is provided under liquidity risk below.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Group sensitivity

Based on the Group outstanding floating rate borrowings and interest rate swaps and caps at 25 June 2011, a change in interest rates at year end of +/- 1% per annum with all other variables remaining constant would impact equity and after tax profit by the amounts shown below.

	Net profit		Reserves		Equity	
	2011	2010	**2011**	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
If interest rates were 1% higher with all other variables held constant:						
(Decrease)/increase	**(9,560)**	(777)	**2,590**	1,050	**(6,970)**	273
If interest rates were 1% lower with all other variables held constant:						
Increase/(decrease)	**9,632**	777	**(2,590)**	(1,050)	**7,042**	(273)

(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:

	2011	2010
	$'000	$'000
Receivables:		
Forward foreign exchange contracts	14,182	-
Payables:		
Forward foreign exchange contracts	(14,656)	-
Net exposure	(474)	-

Group sensitivity

Based on the Group's financial instruments held at 25 June 2011, 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 have increased/decreased by the amounts shown below.

	Net profit		Equity	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
If the Australian dollar weakens by 10% with all other variables held constant:				
Increase/(decrease)	**872**	-	**872**	-
If the Australian dollar strengthens by 10% with all other variables held constant:				
(Decrease)/increase	**(714)**	-	**(714)**	-

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 is regularly monitored.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's only significant concentration of credit risk is the receivable balance due from its main magazine distributor of $28,510,000 (2010: $nil).

For further information on credit risk refer to note 10.

Liquidity risk

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

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.

Financing arrangements

Refer to note 20 for details of the Group's financing arrangements.

Maturities of financial liabilities

The table below 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 25 June 2011				
Non-derivatives				
Trade and other payables	287,962	61,794	349,756	395,878
Bills payable*	148,069	80,074	228,143	216,000
Secured loans*	106,348	1,637,418	1,743,766	1,531,070
Secured notes*	36,383	391,325	427,708	315,000
Total non-derivatives	578,762	2,170,611	2,749,373	2,457,948
Derivatives				
Net settled interest rate swaps and caps	4,540	216	4,756	5,674
Gross settled forward foreign exchange contracts - cash flow hedges:				
- (inflow)	(14,182)	-	(14,182)	-
- outflow	14,656	-	14,656	473
Total derivatives	5,014	216	5,230	6,147
Total financial liabilities	583,776	2,170,827	2,754,603	2,464,095
At 30 June 2010				
Non-derivatives				
Trade and other payables	15,021	-	15,021	15,021
Bills payable*	15,083	282,065	297,148	261,000
Total non-derivatives	30,104	282,065	312,169	276,021
Derivative – Net settled interest rate swaps	1,388	1,976	3,364	804
Total financial liabilities	31,492	284,041	315,533	276,825

The cash flows associated with the cash flow hedge derivatives are expected to impact profit or loss in the same periods as those disclosed in the above table.

* Accrued interest on these items is included in trade and other payables at reporting date. The payment of these amounts is included in the cash flows of the respective debt item.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value measurment

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).

The only assets or liabilities measured and recognised at fair value are the liabilities recognised in relation to interest rate cash flow hedges and foreign exchange cash flow hedges amounting to $6,147,000 (2010: $804,000). The fair values of these hedges (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.

3. SEGMENT INFORMATION

Description of segments

The chief operating decision makers consider the business from both a product and a geographical perspective and have identified the following reportable segments:

- The West Australian (The West Australian newspaper and insert magazines)
- Regionals (the Countryman and other newspapers published in regional areas of Western Australia)
- In the current year, Other WA includes Quokka (classified advertising), Radio (broadcasting in regional areas of Western Australia), Community Newspapers, ColourPress (commercial printing), digital publishing, West Australian Publishers and other minor operating segments
- Television (operation of commercial television stations)
- Magazines (publisher of magazines)
- Other SMG (H1) Pty Limited ("SMG") (internet content and pay television content providers)

The Television, Magazines and Other SMG segments were acquired as part of the acquisition of SMG (refer note 29).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

3. SEGMENT INFORMATION (CONTINUED)

Information about reportable segments

Year ended 25 June 2011	The West Australian $'000	Regionals $'000	Other WA $'000	Television $'000	Magazines $'000	Other SMG $'000	Total $'000
Total segment revenue	318,376	49,016	62,143	255,202	63,223	448	748,408
Inter-segment revenue	-	-	(22,717)	-	-	-	(22,717)
Revenue from continuing operations	318,376	49,016	39,426	255,202	63,223	448	725,691
Earnings before significant items, net finance costs, tax, depreciation and amortisation	144,780	14,353	13,787	84,415	14,056	2,929	274,320
Depreciation and amortisation*	(18,931)	(865)	(1,817)	(6,771)	(1,989)	-	(30,373)
Profit before significant items, net finance costs and tax	125,849	13,488	11,970	77,644	12,067	2,929	243,947
Share of net profit of equity accounted investees	-	-	4,627	-	-	2,677	7,304
Total segment assets	346,029	29,278	61,100	3,645,695	537,317	443,149	5,062,568
Total assets includes investments in associates	-	-	11,604	-	-	335,211	346,815
Additions to non-current assets (other than financial assets and deferred tax)	11,726	1,059	432	5,438	190	-	18,845

* Excludes program rights amortisation which is treated consistently with other media content (refer note 5).

Year ended 30 June 2010	The West Australian $'000	Regionals $'000	Quokka $'000	Radio $'000	All other Segments $'000	Un-Allocated $'000	Total $'000
Total segment revenue	322,912	45,795	12,016	8,578	43,915	-	433,216
Inter-segment revenue	-	-	-	-	(24,525)	-	(24,525)
Revenue from continuing operations	322,912	45,795	12,016	8,578	19,390	-	408,691
Earnings before net finance costs, tax, depreciation and amortisation	150,003	12,708	4,669	3,014	6,190	(2,088)	174,496
Depreciation and amortisation	(18,241)	(881)	(72)	(303)	(1,435)	-	(20,932)
Profit before net finance costs and tax	131,762	11,827	4,597	2,711	4,755	(2,088)	153,564
Share of net profit of equity accounted investees	-	-	-	-	3,869	-	3,869
Total segment assets	351,546	29,313	18,165	23,220	18,201	845	441,290
Total assets includes investment in associate	-	-	-	-	11,228	-	11,228
Additions to non-current assets (other than financial assets and deferred tax)	12,124	599	66	1,838	19	-	14,646

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 non-recurring expenditure from the operating segments such as transaction costs. Finance income and costs are also not allocated to segments.

A reconciliation of earnings before significant items, net finance costs and tax to profit before income tax is provided as follows:

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

3. SEGMENT INFORMATION (CONTINUED)

	2011 $'000	2010 $'000
Reconciliation of profit before significant items, net finance costs and tax		
Profit before significant items, net finance costs and tax	**243,947**	153,564
Finance income	**6,569**	483
Finance costs	**(50,606)**	(19,938)
Transaction costs	**(26,380)**	-
Profit before income tax	**173,530**	134,109
Reconciliation of segment assets to total assets is as follows:		
Segment assets	**5,062,568**	441,290
Deferred tax benefit	**25,244**	-
Total assets	**5,087,812**	441,290

4. REVENUE AND OTHER INCOME

	2011 $'000	2010 $'000
Sales revenue		
Advertising revenue	**551,241**	303,825
Circulation revenue	**111,214**	76,544
Rendering of services	**12,971**	11,466
Other revenue	**50,265**	16,856
Total revenue	**725,691**	408,691
Other income		
Net gain on disposal of property, plant and equipment and computer software	**73**	468

5. EXPENSES

	2011 $'000	2010 $'000
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Property, plant and equipment	**24,813**	18,046
Intangible assets	**5,560**	2,886
Depreciation and amortisation excluding program rights amortisation	**30,373**	20,932
Television program rights	**32,931**	-
Total depreciation and amortisation	**63,304**	20,932
Employee benefits expense	**143,891**	104,148
Defined contribution superannuation expense	**29,789**	7,668
Rental expense relating to operating leases	**6,242**	1,323

6. NET FINANCE COSTS

	2011 $'000	2010 $'000
Finance income	**(6,393)**	(483)
Ineffective portion of changes in fair value of cash flow hedges	**(176)**	-
Total finance income	**(6,569)**	(483)
Finance costs	**50,606**	19,938
Net finance costs	**44,037**	19,455

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

7. SIGNIFICANT ITEMS

	2011 $'000	2010 $'000
Profit before income tax expense includes the following specific expenses whose disclosure is relevant in explaining the financial performance of the Group:		
Transaction costs relating to the acquisition of SMG (H1) Pty Limited and its subsidiaries (refer note 29)	**26,380**	-

8. INCOME TAX

Income tax expense recognised in profit or loss

	2011 $'000	2010 $'000
Current year tax expense	**(61,957)**	(33,302)
Adjustments for current tax of prior periods	**879**	1,352
Current tax expense	**(61,078)**	(31,950)
Deferred tax benefit (expense)	**2,670**	(5,936)
Total income tax expense	**(58,408)**	(37,886)

Reconciliation of income tax expense to prima facie tax payable

	2011 $'000	2010 $'000
Profit from before income tax	**173,530**	134,109
Tax at the Australian tax rate of 30% (2010: 30%)	**(52,059)**	(40,233)
Tax effect of amounts which are not (deductible)/taxable in calculating taxable income:		
Non deductible acquisition costs	**(6,864)**	-
Building construction and investment allowances	**684**	736
Non-deductible depreciation and amortisation	**(538)**	(516)
Other non-deductible items	**(2,701)**	(545)
Share of net profit of equity accounted investees	**2,191**	1,161
	(59,287)	(39,397)
Adjustments for current tax of prior periods	**879**	1,352
Previously unrecognised tax losses now recouped to reduce current tax expense	**-**	159
Income tax expense	**(58,408)**	(37,886)

Income tax recognised in other comprehensive income

	2011 $'000	2010 $'000
Interest rate hedges	**(216)**	(1,000)

Income tax recognised directly in equity

	2011 $'000	2010 $'000
Current tax benefit	**1,354**	-
Deferred tax benefit	**4,792**	-
Total income tax recognised directly in equity	**6,146**	-

Tax losses

	2011 $'000	2010 $'000
Unused capital tax losses for which no deferred tax asset has been recognised	**-**	77,827
Potential tax benefit @ 30% (2010: 30%)	**-**	23,348

All unused capital tax losses were incurred by Australian entities.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

8. INCOME TAX (CONTINUED)

Deferred tax assets/(liabilities)

Year ended 25 June 2011	Balance 1 July 2010 $'000	Recognised in profit or loss $'000	Recognised in other comp-rehensive income $'000	Recognised directly in equity $'000	Acquired in business combination $'000	Balance 25 June 2011 $'000
The balance comprises temporary differences attributable to:						
Receivables	-	5,163	-	-	10,060	15,223
Program rights and inventories	-	76	-	-	(51,919)	(51,843)
Investments	-	(664)	-	-	(3,946)	(4,610)
Intangibles	(1,145)	468	-	-	(32)	(709)
Property, plant and equipment	(14,444)	(864)	-	-	3,371	(11,937)
Creditors	-	(636)	-	-	45,056	44,420
Provisions	4,591	249	-	-	18,803	23,643
Deferred income	470	(425)	-	-	2,487	2,532
Borrowings	-	(862)	-	-	3,310	2,448
Cash flow hedges	241	-	(216)	-	1,063	1,088
Transaction costs	-	581	-	4,792	-	5,373
Other	(637)	(416)	-	-	669	(384)
Net deferred tax assets/(liabilities)	(10,924)	2,670	(216)	4,792	28,922	25,244
Net deferred tax assets to be recovered after more than 12 months						1,807
Net deferred tax assets to be recovered within 12 months						23,437
						25,244

Year ended 30 June 2010	Balance 1 July 2009 $'000	Recognised in profit or loss $'000	Recognised in other comp-rehensive income $'000	Recognised directly in equity $'000	Acquired in business combination $'000	Balance 30 June 2010 $'000
The balance comprises temporary differences attributable to:						
Intangibles	(1,145)	-	-	-	-	(1,145)
Property, plant and equipment	(13,000)	(1,444)	-	-	-	(14,444)
Provisions	9,157	(4,566)	-	-	-	4,591
Deferred income	190	280	-	-	-	470
Cash flow hedges	1,241	-	(1,000)	-	-	241
Other	(431)	(206)	-	-	-	(637)
Net deferred tax liabilities	(3,988)	(5,936)	(1,000)	-	-	(10,924)
Net deferred tax liabilities to be utilised after more than 12 months						(14,992)
Net deferred tax assets to be recovered within 12 months						4,068
						(10,924)

9. CASH AND CASH EQUIVALENTS

	2011 $'000	2010 $'000
Current		
Cash at bank, on hand and at call	**118,567**	12,065

Cash at bank and deposits at call bear interest at a floating weighted average rate of 4.93% at the reporting date (2010: 4.00%). The maximum exposure to credit risk at the reporting date is the carrying amount. The exposure to interest rate risk is discussed in note 2.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

10. TRADE AND OTHER RECEIVABLES

	2011 $'000	2010 $'000
Current		
Trade receivables	**342,750**	54,670
Provision for impairment of receivables	**(7,645)**	(218)
Provision for sales credits and returns	**(25,521)**	-
	309,584	54,452
Other receivables	**5,931**	-
	315,515	54,452

Trade receivables are generally settled within 30-90 days.

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

	Gross **2011 $'000**	Provision for impairment **2011 $'000**	Gross 2010 $'000	Provision for impairment 2010 $'000
Not past due	**284,077**	**-**	48,768	-
Past due 0-30 days	**26,485**	**4,162**	5,217	-
Past due 31-120 days	**6,260**	**3,076**	493	26
Past due 120+ days	**407**	**407**	192	192
	317,229	**7,645**	54,670	218

Movements in the provision for impairment of receivables are as follows:

	2011 $'000	2010 $'000
Balance at the beginning of the financial year	**218**	196
Provision assumed in a business combination	**7,158**	-
Provision for impairment loss recognised during the year	**470**	1,044
Receivables written off	**(201)**	(1,022)
Balance at the end of the financial year	**7,645**	218

Fair value risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

Credit risk

The maximum exposure to credit risk at reporting date is the carrying amount of the assets. The fair value of security collateral held is insignificant.

Interest rate risk

The Group's current receivables generally do not bear interest.

Foreign exchange risk

Information about the Group's exposure to foreign currency risk in relation to trade and other receivables is provided in note 2.

Refer to note 2 for further information on the risk management policy of the Group.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

11. PROGRAM RIGHTS AND INVENTORIES

	2011 $'000	2010 $'000
Current		
Television program rights at cost less accumulated amortisation	**97,218**	-
Newsprint and paper – at cost	**16,734**	8,805
Work in progress – at cost	**9,203**	-
Other raw materials and stores – at net realisable value	**4,201**	4,229
Finished goods – at cost	**341**	89
	127,697	13,123

Inventory expense

Inventories recognised as expense during the year ended 25 June 2011 amounted to $85,237,000 (2010: $65,741,000).

	2011 $'000	2010 $'000
Non-current		
Prepaid television program rights	**1,544**	-

12. OTHER ASSETS

	2011 $'000	2010 $'000
Current		
Prepayments	**6,633**	3,253

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2011 $'000	2010 $'000
Non-current		
Investments in associates and jointly controlled entities	**346,815**	11,228

Information relating to associates and jointly controlled entities is set out below.

Name of entity	Principal activities	Reporting date	Ownership interest 2011 %	Ownership interest 2010 %
Community Newspaper Group Limited	Newspaper publishing	30 June	**49.9**	49.9
Bloo (WA) Pty Ltd	Online business directory	30 June	**27.8**	-
Australian News Channel Pty Limited	Pay TV channel operator	30 June	**33.3**	-
TX Australia Pty Limited	Transmitter facilities provider	30 June	**33.3**	-
Yahoo! Australia and New Zealand (Holdings) Pty Limited	Internet content provider	31 December	**50.0**	-
Coventry Street Properties Pty Limited	Property management	30 June	**50.0**	-
Oztam Pty Limited	Ratings service provider	31 December	**33.3**	-
Perth Translator Facility Pty Limited	Transmitter facilities provider	30 June	**33.3**	-
Hybrid Television Services (ANZ) Pty Ltd [i]	TiVo distributor	30 June	**66.7**	-

The above entities are incorporated in Australia.

(i) Under the shareholder agreement, Seven Network (Operations) Limited, a wholly-owned subsidiary, and the other shareholders have equal voting rights and Board representation. As a result, the investment in Hybrid Television Services (ANZ) Pty Ltd is equity accounted.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

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

	2011 **$'000**	2010 $'000
Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**11,228**	11,609
Acquisitions through business combinations	**333,200**	-
Other acquisitions	**1,249**	-
Share of profit of investee after income tax	**7,304**	3,869
Dividends received	**(6,166)**	(4,250)
Carrying amount at the end of the financial year	**346,815**	11,228
Share of investees' profit		
Profit before income tax	**10,530**	5,687
Income tax expense	**(3,226)**	(1,818)
Share of net profit of investees disclosed in the statement of comprehensive income	**7,304**	3,869
Summarised financial information of investees (100%)		
Revenues	**109,786**	62,019
Expenses	**(101,399)**	(54,281)
Profit after income tax as reported by investees	**8,387**	7,738
Current assets	**86,011**	13,353
Non-current assets	**160,629**	17,161
Total assets	**246,640**	30,514
Current liabilities	**62,354**	8,465
Non-current liabilities	**43,086**	388
Total liabilities	**105,440**	8,853
Share of investees' net assets		
Equity accounted	**346,815**	11,228

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011	2010
Non-current		
Unlisted equity securities	**777**	777

The investment in unlisted securities is stated at cost because its fair value cannot be reliably measured.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

15. PROPERTY, PLANT AND EQUIPMENT

	2011 $'000	2010 $'000
Non-current		
Freehold land and buildings - at cost	**100,419**	86,257
Accumulated depreciation	**(23,533)**	(21,700)
	76,886	64,557
Leasehold improvements - at cost	**19,373**	-
Accumulated depreciation	**(937)**	-
	18,436	-
Residential properties - at cost	**2,940**	2,940
Plant and equipment - at cost	**307,115**	248,718
Accumulated depreciation	**(123,296)**	(102,692)
	183,819	146,026
Total property, plant and equipment - at cost	**429,847**	337,915
Accumulated depreciation and amortisation	**(147,766)**	(124,392)
	282,081	213,523

Consolidated	Freehold land and buildings $'000	Leasehold improve-ments $'000	Residential properties $'000	Plant and equipment $'000	Total $'000
Year ended 30 June 2010					
Opening net book amount	66,168	-	1,857	156,278	224,303
Additions	170	-	1,254	7,484	8,908
Disposals	-	-	(171)	(450)	(621)
Transfers	-	-	-	(1,021)	(1,021)
Depreciation charge	(1,781)	-	-	(16,265)	(18,046)
Closing net book amount	64,557	-	2,940	146,026	213,523
Year ended 25 June 2011					
Opening net book amount	64,557	-	2,940	146,026	213,523
Acquisitions through business combinations	13,915	23,258	-	41,661	78,834
Other additions	208	-	-	14,502	14,710
Disposals	-	-	-	(173)	(173)
Transfers	39	(3,885)	-	3,846	-
Depreciation charge	(1,833)	(937)	-	(22,043)	(24,813)
Closing net book amount	76,886	18,436	2,940	183,819	282,081

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

16. INTANGIBLE ASSETS

	2011 $'000	2010 $'000
Magazine licences - at cost	**38,080**	-
Magazine licences - accumulated amortisation	**(1,294)**	-
Television licences - at cost	**2,300,000**	-
Radio licences - at cost	**17,316**	17,316
Total licences	**2,354,102**	17,316
Newspaper mastheads - at cost	**100,558**	100,558
Magazine mastheads - at cost	**129,731**	-
Total mastheads	**230,289**	100,558
Television program copyrights - at cost	**20,848**	-
Accumulated amortisation	**(848)**	-
Total television program copyrights	**20,000**	-
Software - at cost	**34,978**	23,482
Accumulated amortisation	**(14,389)**	(10,971)
Total software	**20,589**	12,511
Goodwill	**1,237,959**	2,484
Total intangible assets	**3,862,939**	132,869

Consolidated	Licences $'000	Mastheads $'000	Program copyrights $'000	Computer software $'000	Goodwill $'000	Total $'000
Year ended 30 June 2010						
Opening net book amount	17,316	100,558	-	9,665	2,484	130,023
Additions	-	-	-	5,738	-	5,738
Disposals	-	-	-	(6)	-	(6)
Amortisation charge *	-	-	-	(2,886)	-	(2,886)
Closing net book amount	17,316	100,558	-	12,511	2,484	132,869
Year ended 25 June 2011						
Opening net book amount	17,316	100,558	-	12,511	2,484	132,869
Acquisitions through business combination	2,338,080	129,731	20,848	7,361	1,235,475	3,731,495
Additions	-	-	-	4,135	-	4,135
Amortisation charge *	(1,294)	-	(848)	(3,418)	-	(5,560)
Closing net book amount	2,354,102	230,289	20,000	20,589	1,237,959	3,862,939

* Amortisation of $5,560,000 (2010: $2,886,000) is included in depreciation and amortisation expense in the comprehensive income statement.

Impairment of cash generating units (CGU) including goodwill and indefinite life assets

The fair values of intangible assets acquired through a business combination were determined using values provided by independent experts (refer note 29). Management reviewed the carrying values of all intangible assets at reporting date to ensure that no amounts were in excess of their recoverable amounts.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

16. INTANGIBLE ASSETS (CONTINUED)

The recoverable amounts of the cash generating units (CGUs) that include intangible assets and goodwill are determined based on their value in use. The value in use calculations were performed using the following methodologies:

The West Australian, Regionals and Other WA

Discounted cash flow projections over the assets' useful lives based on the following assumptions:

- 5 year forecast based on financial budgets and forecasts approved by management;
- Growth rates between 3% and 6% (2010: between 3% and 6%), being rates no higher than the long term average growth rates for the CGU;
- Pre-tax discount rate using the weighted average cost of capital for the Group, risk adjusted as applicable, of 13% (2010: 13%).

Television

Discounted cash flow projections over the assets' useful lives based on the following assumptions:

- 5 year forecast based on financial budgets and forecasts approved by management;
- Pre-tax discount rates using the weighted average cost of capital for the Group, risk adjusted as applicable, of between 12.8% and 14.3%;
- Terminal growth rate of 4%;
- Annual revenue growth rates between 3% and 5%, reflecting internal budgets and advertising market size and market share expectations.

Magazines

Relief from Royalty Method (RRM) over magazine mastheads' useful lives based on the following assumptions:

- 5 year forecast based on financial budgets and forecasts approved by management;
- Royalty rates between 1.5% and 10.5%;
- Earnings multiples between 8x and 10x.

Multi Period Excess Earnings Methodology (MEEM) over magazine licences' useful lives based on the following assumptions:

- 5 year forecast based on financial budgets and forecasts approved by management;
- Discount rates between 14% and 16%;
- Terminal growth rate of 2%.

The recoverable amounts of the CGUs that include goodwill are determined using discounted cash flow projections based on the following assumptions:

- 5 year forecast based on financial budgets and forecasts approved by management;
- Pre-tax discount rate of 13.8%;
- Terminal growth rate of 3%.

The values assigned to the key assumptions represent management's assessment of future performance in each CGU based on internal and external sources. The value in use calculations are sensitive to changes in the estimated size of the advertising market and the Company's market share assumptions.

For the purpose of impairment testing, intangible assets with indefinite lives 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. No impairment losses for intangibles have been incurred or reversed during the year. Intangible assets with indefinite useful lives of $2,300,000,000 relate to the Television operating division, $129,731,000 relate to the Magazines operating division, $67,428,000 relate to The West Australian operating division, $15,069,000 relate to the Regionals operating division, $17,316,000 relate to the Radio operating division and $18,061,000 relate to the Other WA operating division.

17. TRADE AND OTHER PAYABLES

	2011 $'000	2010 $'000
Current		
Trade payables and other accrued expenses [i]	**262,873**	15,021
Derivative financial liabilities	**5,868**	257
Television program liabilities [ii]	**71,211**	-
	339,952	15,278

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

17. TRADE AND OTHER PAYABLES (CONTINUED)

	2011 $'000	2010 $'000
Non-current		
Accruals	**35,275**	-
Derivative financial liabilities	**279**	547
Television program liabilities	**26,519**	-
	62,073	547

Trade and other payables are generally settled within 30-60 days from the end of the month in which they are incurred and are non-interest bearing.

(i) Included in trade payables and accruals is an amount of $8,983,138 related to future minimum purchases of an associate (2010: $nil). These have been guaranteed by Seven Network (Operations) Limited, a wholly-owned subsidiary.

(ii) Included in television program liabilities is an amount of $35,038,000 (current: $14,355,000, non-current: $20,683,000) relating to onerous program rights contracts recognised in accordance with AASB 137. During the year no amounts were recognised in the comprehensive income statement and $15,047,000 was used.

Interest rate cap and swap contracts - cash flow hedges

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates (refer note 2).

Of the Group's total debt at 25 June 2011 of $2,062,070,000 (2010: $261,000,000), $920,000,000 (2010: $150,000,000) is covered by interest rate caps and swaps, which fix the rate at a weighted average of 7.44% (including bank margins and caps premiums) (2010: 6.99%).

The Group has entered into interest rate swap contracts, which expire on 16 March 2012 and 16 August 2013. The Group has also entered into interest rate cap contracts, which expire on 16 March 2012 and 16 June 2012.

The contracts require settlement on net interest receivable or payable each 90-180 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and accumulated in equity, to the extent that the hedge is effective, and reclassified to profit or loss when the hedged interest expense is recognised. The ineffective portion, if any, is recognised in profit or loss immediately. The fair value of interest rate swaps is calculated at the present value of the estimated future cash flows.

At the reporting date, liabilities relating to these contracts amounted to $5,674,000 (2010: $804,000). In the year ended 25 June 2011 there was a gain from the increase in fair value of interest rate cap and swap contracts of $866,000 (2010: $3,333,000).

Interest rate risk exposure

Refer to note 2 for the Group's exposure to interest rate risk on interest rate caps and swaps.

Credit risk exposure

Refer to note 2 for the Group's exposure to credit risk. The maximum exposure to credit risk at the reporting date is the carrying amount of the asset. There are no receivables on derivatives at balance date.

Currency risk exposure

Refer to note 2 for the Group's exposure to currency risk on trade and other creditors.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

18. PROVISIONS

	2011 $'000	2010 $'000
Current		
Employee benefits (a)	**60,503**	13,419
Libel expenses [(i)]	**225**	225
Make good	**479**	-
Other	**900**	-
	62,107	13,644

	2011 $'000	2010 $'000
Non-current		
Employee benefits	**7,800**	950
Make good	**6,956**	-
Other	**511**	-
	15,267	950

Movements in the provisions are as follows:

Consolidated	Employee $'000	Make good $'000	Libel $'000	Restructur-ing $'000	Other $'000	Total $'000
Year ended 30 June 2010						
Carrying amount at start of year	15,237	-	290	14,030	-	29,557
Amounts provided	10,524	-	-	-	-	10,524
Amounts utilised	(11,392)	-	-	(14,030)	-	(25,422)
Provision no longer required	-	-	(65)	-	-	(65)
Carrying amount at end of year	14,369	-	225	-	-	14,594
Year ended 25 June 2011						
Carrying amount at start of year	14,369	-	225	-	-	14,594
Assumued in a business combination	52,076	7,408	-	-	1,411	60,895
Amounts provided	17,003	-	-	-	-	17,003
Amounts utilised	(15,009)	-	-	-	-	(15,009)
Provision no longer required	(136)	-	-	-	-	(136)
Unwind of discount	-	27	-	-	-	27
Carrying amount at end of year	68,303	7,435	225	-	1,411	77,374

(i) The amount at the end of the reporting period represents a provision for libel claims against the Group in relation to published material.

(a) Amounts not expected to be settled within the next 12 months

The current provision for long service leave covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The amount of long service leave obligations expected to be settled after 12 months of the reporting date is $20,783,000 (2010: $3,475,000).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

19. DEFERRED INCOME

	2011 $'000	2010 $'000
Current		
Deferred revenue	**19,708**	1,962
Non-current		
Deferred revenue	**5,438**	-

20. BORROWINGS

	2011 $'000	2010 $'000
Current		
Bills payable – secured (a)	**136,000**	-
Non-current		
Bills payable – secured (a)	**80,000**	261,000
Bank loans – secured (b)	**1,531,070**	-
Secured notes (c)	**315,000**	-
	1,926,070	261,000

Financial arrangements

At reporting date, the Group had access to secured syndicated cash advance facilities to a maximum of $2,306,069,821 (2010: $280,000,000). The amount of these facililties undrawn at reporting date was:	**232,815**	19,000

$232,814,721 pertains to a general revolving facility that may be utilised at any time for general corporate purposes and to fund working capital requirements.

(a) Bills payable

Bills payable are drawn under various bill facilities for the Group totalling $280,000,000 (2010: $280,000,000) which have an average maturity of 0.8 years from 25 June 2011 (2010: 2.4 years from 30 June 2010). The facilities are secured by interlocking guarantees and indemnities given by the Company and subsidiaries.

(b) Bank loans

The bank loans are subject to floating interest rate charges as follows:

- Facility A (term loan) BBR + 1.875% per annum;
- Facility C (acquisition facility) BBR + 1.075% per annum.

These loans will mature in December 2012 and are secured by a fixed and floating charge over all of SMG (H4) Pty Limited, a wholly owned subsidiary, and its subsidiaries.

(c) Secured notes

The secured notes are subject to a fixed rate of interest, increasing annually from 10.16% to 12.31% per annum and will mature in December 2013. The secured notes are secured by a second ranking fixed and floating charge over the assets of SMG (H4) Pty Limited, a wholly owned subsidiary, and its subsidiaries.

Fair value

The carrying value and fair value of Group borrowings at the end of the financial year was $2,062,070,000 (2010: $261,000,000).

Risk exposures

Information about the Group's exposure to interest rate changes is provided in note 2.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

21. SHARE CAPITAL

	2011 $'000	2010 $'000
608,792,249 (2010: 214,167,596) Ordinary shares fully paid (notes 21(a) and 21(c))	**2,239,061**	126,520
2,500 (2010: nil) Convertible preference shares fully paid (notes 21(b) and 21(d))	**250,000**	-
	2,489,061	126,520

(a) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	$'000
1/7/09	Opening balance	210,044,210		100,949
30/9/09	Dividend reinvestment plan share issues (note 21(e))	1,215,837	$6.3200	7,684
31/3/10	Dividend reinvestment plan share issues (note 21(e))	2,338,049	$7.1680	16,759
	Proceeds received relating to the executive and employee share purchase plans (note 32)	569,500		1,128
30/6/10	Balance	214,167,596		126,520
30/9/10	Dividend reinvestment plan share issues (note 21(e))	3,657,424	$6.5994	24,136
12/4/11	Shares issued in respect of a 4 for 7 entitlement offer (i)	125,537,572	$5.2000	652,795
12/4/11	Shares issued to Seven Group Holdings Limited in relation to business combination (refer note 29)	180,467,446	$5.2700	951,063
12/4/11 to 18/4/11	Shares issued to other investors (ii)	76,961,603	$5.9900	461,000
15/4/11	Shares issued in respect of a public offer	7,692,308	$5.2000	40,000
	Transaction costs arising on share issues			(22,986)
	Current tax credit recognised directly in equity			1,354
	Deferred tax credit recognised directly in equity			4,792
	Proceeds received relating to the executive and employee share purchase plans (note 32)	308,300		387
25/6/11	Balance	608,792,249		2,239,061

(i) Shares issued on conversion of convertible unsecured loan securities (CULS) in accordance with the prospectus issued by the Company on 21 February 2011.

(ii) Shares issued to Kohlberg Kravis Roberts & Co, mezzanine investors and members of management relating to Seven Media Group.

(b) Movements in convertible preference share capital

Date	Details	Number of shares	Issue price	$'000
1/7/09 and 30/6/10	Opening balance	-		-
21/4/11	Shares issued to Seven Group Holdings Limited in relation to business combination (refer notes 21(d) and 29)	2,500	$100,000	250,000
25/6/11	Balance	2,500	$100,000	250,000

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

21. SHARE CAPITAL (CONTINUED)

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of 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.

The total number of shares issued by the Company is 610,327,899 (2010: 216,011,546) and differs from the amount disclosed in note 21(a) as shares relating to outstanding loans pursuant to the executive and employee share plans and numbering 1,535,650 shares (2010: 1,843,950) are treated as options.

(d) Convertible preference shares (CPS)

The full terms and conditions of the CPS are set out in Appendix C of the Explanatory Memorandum in the Proposal to Acquire Seven Media Group issued by Seven West Media Limited (SWM) on 8 March 2011. A summary of these terms is described below and should be read in conjunction with the full CPS Terms of Issue set out in Appendix C of the Proposal.

The total of 2,500 CPS were issued to Seven Group Holdings (SGH) at an issue price of $100,000 per CPS. These may be converted by SGH into a fixed number of fully paid ordinary shares in SWM (SWM Shares) at any time after the release of SWM's accounts for the half-year ending 31 December 2013. Earlier conversion by SGH of the CPS into SWM Shares is permitted where:

- A third party, other than SGH and its associates, makes a takeover bid for SWM that is unanimously recommended by the SWM Directors, or is to acquire all SWM Shares under a scheme of arrangement that has become effective;
- To enable SGH to maintain a shareholding in SWM of no less than 29.6% (less an adjustment for any SWM Shares sold by SGH) in the event of any issue of SWM Shares; and
- To the extent permitted by the SWM Board in writing.

At conversion by SGH, SWM may at its discretion elect whether to settle in SWM Shares or in cash. If SWM elects to settle in cash, the number of SWM Shares into which each CPS will be converted will be calculated by multiplying the number of CPS being converted by the "conversion ratio." The conversion ratio is equal to the issue price adjusted by 7.143% per annum (compounded on a semi-annual basis) up to the fifth anniversary of the date of issue of the CPS and then adjusted by 9.143% per annum (compounded on a semi-annual basis) thereafter (the "adjusted issue price") divided by the conversion price of $6.68.

If SWM elects to settle in cash, SWM will pay a cash amount for each CPS equal to the number of SWM Shares into which the CPS would have been converted multiplied by the average of the daily VWAPs (volume weighted average prices) of the SWM shares over the 10 trading days commencing on the date of service of the conversion notice.

The CPS are otherwise redeemable by SWM at the adjusted issue price five years from the date of issue, and on every half-year anniversary thereafter, at the sole discretion of SWM with the form of settlement also at the discretion of SWM, in either SWM Shares or cash. The CPS are also redeemable at any time on the occurrence of standard tax and regulatory events. If SWM elects to settle in SWM Shares, the number of SWM Shares into which each CPS will be converted will be calculated by dividing the adjusted issue price by the average of the daily VWAPs of the SWM shares over five trading days prior to the date of conversion (calculated at a 5% discount). If SWM elects to settle in cash, SWM will pay a cash amount for each CPS equal to the adjusted issue price. In the case of tax and regulatory events, SWM's obligations to settle in SWM Shares or in cash will be calculated using 103% of the adjusted issue price.

The conversion price will be adjusted following any reconstruction, consolidation, division, reclassification, securities issue or rights offer (subject to customary exceptions) to ensure that CPS holders are placed in a similar economic position prior to the occurrence of the event that gave rise to the adjustment. The conversion price will also be adjusted downwards for any dividends paid to SWM Shareholders over and above an annual reference dividend yield of 6.5% (excluding franking credits), initially calculated with reference to the first full year of ordinary dividends for financial year 2012.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

21. SHARE CAPITAL (CONTINUED)

SWM may not issue any preferred securities ranking ahead of the CPS without consent of the holders of 75% of the CPS. Voting rights are limited to those set out in Listing Rule 6.3. The CPS do not confer any dividend rights, although the conversion price may be adjusted as described above. Unless the CPS are redeemed, repurchased or exchanged by the fifth anniversary of their date of issue, SWM may not pay dividends, return capital or otherwise distribute value to any equal or lower ranking securityholders until all CPS have been redeemed, repurchased or exchanged (subject to certain limited exceptions).

(e) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather then by being paid in cash. Shares are issued under the plan at a price determined by the board. The operation of the dividend reinvestment plan for any dividend is at the descretion of the board.

(f) Share buy-backs

There is no current on-market buy-back.

(g) Capital risk management

The Group's and the Parent Entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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.

22. RESERVES

	2011	2010
	$'000	$'000
Equity compensation reserve	**217**	149
Hedging reserve - cash flow hedges	**(58)**	(562)
	159	(413)

Nature and purpose of reserves

Equity compensation reserve

The equity compensation reserve is used to recognise the fair value of share rights granted as compensation.

Hedging reserve – cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in other comprehensive income, as described in note 1(p). Amounts are recognised in profit or loss when the associated hedged transaction affects profit or loss.

For movements in reserves during the year, refer to the statement of changes in equity.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

23. DIVIDENDS

	2011 $'000	2010 $'000
Final ordinary dividend for the year ended 30 June 2010 of 26 cents per share (2009: 10 cents), fully franked based on tax paid at 30%, paid on 30 September 2010 (2009: 30 September 2009)	**55,804**	21,071
Interim ordinary dividend for the year ended 25 June 2011 of 19 cents per share (2010: 19 cents), fully franked based on tax paid at 30%, paid on 31 March 2011 (2010: 31 March 2010)	**41,503**	40,309
	97,307	61,380
Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have declared a final dividend of 26 cents per ordinary share (2010: 26 cents), fully franked based on tax paid at the rate of 30%. The aggregate amount of the dividend payable on 14 October 2011, but not recognised as a liability at year end, is	**158,380**	55,797
Franked dividends		
The franked dividend declared after 25 June 2011 will be franked out of existing franking credits or out of franking credits arising from the receipt of franked dividends and the payment of income tax in the year ending 30 June 2012.		
Franking credits available for subsequent financial years based on a tax rate of 30% (2010: 30%)	**14,978**	20,718

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;
(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.

The impact on the franking account of the dividend declared by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account by $68,008,000 (2010: $24,070,000).

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

	2011 $	2010 $
Key management personnel compensation		
Short-term employee benefits	**5,731,303**	4,291,916
Post-employment benefits		
- Superannuation	**165,986**	181,436
- Termination benefits	**-**	211,951
Share-based payments	**284,981**	235,364
	6,182,270	4,920,667

Detailed remuneration disclosures in respect of directors and each key management person are provided in the remuneration report on pages 33 to 42.

Equity instrument disclosures relating to key management personnel

Share rights provided as remuneration and shares issued on exercise of such rights

Share rights provided as remuneration and shares issued on the exercise of such rights, together with the terms and conditions of the rights, can be found in Section D of the remuneration report on page 42.

Notes to the Consolidated Financial Statements

24. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Share right holdings

The numbers of share rights over 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, including their personally-related parties, are set out below. No share rights were granted as compensation during the previous financial year.

2011 Name	Balance at the start of the year	Granted as compen-sation	Exercised	Balance at the end of the year	Vested	Unvested
Key management personnel of the Group:						
CS Wharton	-	41,081	-	41,081	-	41,081

Shareholdings

The numbers 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, including their personally-related entities, are set out below.

2011 Name	Balance at the start of the year	Shares received during the year as compen-sation	Other changes during the year	Balance at the end of the year
Directors of Seven West Media Limited:				
Ordinary shares				
KM Stokes AC	51,634,405	8,277	129,077,534	180,720,216
DR Flynn	8,206	4,687	15,799	28,692
PJT Gammell	8,420	4,686	6,506	19,612
GT John AO	7,284	4,687	30,785	42,756
DJ Leckie *(appointed 16/5/11)*	-	-	751,252 (i)	751,252
B McWilliam *(alternate)*	-	-	297,938 (ii)	297,938
JC Reizes *(appointed 19/4/11)*	31,839 (iii)	764	-	32,603
RK Stokes *(alternate)*	-	-	39,846	39,846
DR Voelte	7,054	4,687	5,141	16,882
SMC Walsh AO	22,069	9,373	16,321	47,763
Convertible preference shares				
KM Stokes AC	-	-	2,500	2,500
Other key management personnel of the Group:				
Ordinary shares				
DM Bignold	2,000	-	1,282	3,282
RA Billington	9,084	-	250	9,334
PJ Bryant	1,720	-	9,125	10,845
KJ Burnette	-	-	5,843 (i)	5,843
N Chan	-	-	165,275 (i)	165,275
PJ Lewis	-	-	172,788 (i)	172,788
BA McCarthy	-	-	1,900	1,900
LM Roche	34,500	-	-	34,500
CS Wharton	16,218	-	24,061	40,279
TG Worner	-	-	262,938 (i)	262,938

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

24. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Shareholdings (continued)

(i) These shares are subject to an escrow which expires on the date the Company's results for the 2012 financial year are announced.

(ii) 262,938 of these shares are subject to an escrow which expires on the date the Company's results for the 2012 financial year are announced.

(iii) Balance at date of appointment.

2010 Name	Balance at the start of the year	Shares received during the year as compen-sation	Other changes during the year	Balance at the end of the year
Directors of Seven West Media Limited:				
Ordinary shares				
KM Stokes AC	49,301,667	10,015	2,322,723	51,634,405
DR Flynn	4,386	3,820	-	8,206
PJT Gammell	4,322	3,821	277	8,420
GT John AO	3,233	3,820	231	7,284
DR Voelte	3,233	3,821	-	7,054
SMC Walsh AO	6,466	7,641	7,962	22,069
Other key management personnel of the Group:				
Ordinary shares				
DM Bignold *(appointed 1/8/09)*	-	-	2,000	2,000
RA Billington	8,943	-	141	9,084
PJ Bryant	1,720	-	-	1,720
TL Garven *(retired 6/11/09)*	197,559	-	-	197,559 (i)
LM Roche	30,200	-	4,300	34,500
PF Stevens *(retired 30/11/09)*	27,449	-	-	27,449 (i)
CS Wharton	10,211	-	6,007	16,218

(i) Balance at date of retirement

Shares held under suspended share plans

The numbers of shares in the Company held under suspended employee and executive share plans during the financial year and treated as options by each of the key management personnel of the Group, are set out below. All shares held under the plans are vested.

2011 Name	Balance at the start of the year	Changes during the year	Balance at the end of the year
Key management personnel of the Group:			
LM Roche	69,800	-	69,800

2010 Name	Balance at the start of the year	Changes during the year	Balance at the end of the year
Key management personnel of the Group:			
LM Roche	74,100	(4,300)	69,800
PF Stevens *(retired 30/11/09)*	113,700	-	113,700 (i)

(i) Balance at date of retirement

For further details of shares held under share plans, refer notes 1(w)(iii) and 32.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

25. REMUNERATION OF AUDITORS

	2011 $	2010 $
PwC Australia		
(i) Audit and other assurance services		
Audit or review of the financial statements	**393,179**	264,640
Other audit and assurance services	**36,303**	107,236
Total remuneration for audit and other assurance services	**429,482**	371,876
(ii) Taxation services		
Taxation consultancy services	**76,100**	129,775
Taxation compliance services	**52,500**	49,150
Total remuneration for taxation services	**128,600**	178,925
(iii) Other services		
Advisory services	**2,000**	7,350
Services relating to the acquisition of SMG	**3,182,975**	-
Total remuneration for other services	**3,184,975**	7,350
Total remuneration of PwC Australia	**3,743,057**	558,151
Other audit firms		
(i) Audit and other assurance services		
Audit or review of the financial statements	**260,000**	-
(ii) Other services		
Advisory services	**18,374**	-
Total remuneration of non-PwC audit firms	**278,374**	-

26. CONTINGENT LIABILITIES

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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

27. COMMITMENTS

	2011 $'000	2010 $'000
Capital expenditure commitments		
Commitments for the acquisition of property, plant and equipment contracted for at the reporting date but not recognised as liabilities, payable within one year.	**11,507**	2,105

Operating lease commitments

The Group leases various offices, equipment, sites and residential premises under non-cancellable operating leases expiring within one year to 19 years (2010: 9 years). The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, payable:

	2011 $'000	2010 $'000
Within one year	**20,809**	1,095
Later than one year but not later than five years	**69,748**	2,148
Later than five years	**176,920**	234
	267,477	3,477

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, payable:

	2011 $'000	2010 $'000
Within one year	**259,337**	-
Later than one year but not later than five years	**694,433**	-
Later than five years	**140,048**	-
	1,093,818	-

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, payable:

	2011 $'000	2010 $'000
Within one year	**65,838**	-
Later than one year but not later than five years	**34,221**	-
	100,059	-

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, payable:

	2011 $'000	2010 $'000
Within one year	**29,324**	-
Later than one year but not later than five years	**38,850**	-
Later than five years	**6,435**	-
	74,609	-

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

28. RELATED PARTY TRANSACTIONS

Parent entity

Seven West Media Limited is the ultimate Australian parent entity within the Group.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 24.

	2011	2010
	$	$
Transactions with related parties		
The following transactions occurred with related parties:		
Sale of goods, advertising and other services		
Printing services to associate	**4,878,293**	4,472,376
Advertising services to associate	**592,467**	-
Advertising to entities of which directors of the Group are directors	**272,080**	-
Advertising and other services to entities controlled or jointly controlled by an entity of which the Group was an associate during the year	**1,142,512**	626,712
Communications services to an entity controlled by an entity of which the Group is an associate	**65,109**	79,664
Recharge of utilities and services usage to associates	**47,011**	-
Recharge of rent and salaries to an entity controlled by an entity of which the Group is an associate	**337,531**	-
Advertising and other services and recharge of operating expenses to an entity jointly controlled by the Group	**488,831**	-
Recharge of operating expenses and printing and other services to entities controlled by an entity of which the Group is an associate	**101,408**	-
AFL highlights footage to an entity of which a director of the Group is a commissioner	**6,540**	-
Purchase of goods, advertising and other services		
Advertising and other services from entities jointly controlled by an entity of which the Group was an associate during the year	**401,494**	719,311
Ratings reports, broadcast transmission services, sales services and studio facility hire from associates of the Group	**2,114,175**	-
Engineering services from an entity jointly controlled by an entity of which the Group was an associate	**-**	49,180
Transport, facility hire and function management from an entity of which the Group was an associate	**-**	163,330
Advertising and other services from an entity jointly controlled by the Group	**271,105**	-
Equipment maintenance services from an entity controlled by an entity of which the Group is an associate	**1,317**	-
Internet service from an entity controlled by an entity of which the Group is an associate	**22,473**	-
Rent paid to an entity of which a director of the Group is a director	**657,088**	-
Equipment hire and printing services from entities of which directors of the Group are directors	**14,037**	-
AFL free-to-air television rights from an entity of which a director of the Group is a commissioner	**8,844,749**	-

Other transactions

A company in the Group has contributed funds of $3,077,057 to an entity which is an associate of the Group.

Some employees were previously part of the SMG Pty Limited Management Equity Plan (MEP). This plan was cancelled prior to the transaction between WAN and SMG and its controlled entities. A condition of the cancellation of the 2010 MEP was that employees remained employed by SWM up until the 2011 SWM results release date being 24 August 2011. The total value under the MEP that relates to the period from 12 April 2011 to 25 June 2011 was estimated at $565,000.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

28. RELATED PARTY TRANSACTIONS (CONTINUED)

Website arrangement

The Company has entered into an arrangement with an entity jointly controlled by the Group. The arrangement provides for the sharing of costs and revenue in relation to the Group's website. The terms of the arrangement were commercially negotiated on an arms length basis.

	2011	2010
	$	$
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:		
Current receivables (sales of goods, advertising and other services)		
Associates	**413,091**	341,588
Jointly controlled entity	**261,377**	-
Entities controlled or jointly controlled by an entity of which the Group is an associate	**287,642**	80,259
Entities of which directors of the Group are directors	**8,300**	-
Entity of which a director of the Group is a commissioner	**6,540**	-
Current payables (purchase of goods, advertising and other services)		
Associates	**658,543**	-
Jointly controlled entity	**684,809**	-
Entities controlled or jointly controlled by an entity of which the Group is an associate	**738**	209,633

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.

Terms and conditions

Transactions were made on normal commercial terms and conditions.

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FOR THE YEAR ENDED 25 JUNE 2011

29. ACQUISITION OF SUBSIDIARY

On 12 April 2011 the Group acquired 100% of the share capital of SMG (H1) Pty Limited ("SMG"), an unlisted Australian media company, to become a major Australian diversified media group. SMG owns Seven Network (Australia's leading free-to-air television network), Pacific Magazines (Australia's second largest magazine business) and has a 50% interest in Yahoo!7, one of Australia's largest online platforms.

During the period from 12 April 2011 to 25 June 2011 SMG contributed $318,873,000 of revenue and $60,948,000 of net profit before tax to the Group's results. If the acquisition had occurred on 1 July 2010, management estimates that consolidated revenue would have been $1,941,476,000 and consolidated profit before tax would have been $349,733,000.

The accounting for the acquisition of SMG includes provisional amounts based on the best information available as at the reporting date.

Details of the acquisition are as follows:

	2011 $'000
Consideration	
Ordinary shares issued (180,467,446 shares @ $5.27) (a)	**951,063**
Convertible preference shares (CPS) issued (refer note 21)	**250,000**
Total consideration	**1,201,063**
(a) The fair value of the ordinary shares was based on the listed share price of the Company on 12 April 2011.	
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	**65,881**
Trade and other receivables	**278,941**
Program rights and inventories	**104,295**
Current tax assets	**26,152**
Other	**4,603**
Investments in equity accounted investees	**333,200**
Property, plant and equipment	**78,834**
Intangible assets	**2,496,020**
Deferred tax assets	**28,922**
Trade and other payables	**(415,864)**
Provisions	**(60,895)**
Deferred income	**(34,681)**
Borrowings	**(2,939,820)**
Fair value of net identifiable assets (b)	**(34,412)**
(b) The fair value of assets acquired were based on valuations provided by independent experts.	
Goodwill on acquisition	
Total consideration	**1,201,063**
Less fair value of net identifiable assets	**34,412**
Goodwill	**1,235,475**
The goodwill is mainly attributable to the skills and experience of the workforce within the television and magazine businesses. None of the goodwill recognised is expected to be deductible for tax purposes.	
Cash inflow on acquisition	
Cash acquired on acquisition	**(65,881)**
Net consolidated cash inflow on acquisition	**(65,881)**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

29. ACQUISITION OF SUBSIDIARY (CONTINUED)

Acquisition costs

The Group incurred acquisition-related costs of $26,380,000 related to legal fees and due diligence costs. These have been included separately in the Group's consolidated statement of comprehensive income.

30. INVESTMENTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b).

			Ownership interest	
	Notes	Country of incorporation	**2011 %**	2010 %
Harlesden Investments Pty Ltd	(a)	Australia	**100**	100
Western Mail Operations Pty Ltd	(a)	Australia	**100**	100
West Australian Newspapers Limited	(a)	Australia	**100**	100
Albany Advertiser Pty Ltd	(a)	Australia	**100**	100
ComsNet Pty Ltd	(a)	Australia	**100**	100
Colorpress Australia Pty Ltd	(a)	Australia	**100**	100
ColourPress Pty Ltd	(a)	Australia	**100**	100
Geraldton Newspapers Pty Ltd	(a)	Australia	**100**	100
Geraldton FM Pty Ltd	(a)	Australia	**100**	100
Great Northern Broadcasters 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
Quokka West Pty Ltd	(a)	Australia	**100**	100
Redwave Media Pty Ltd	(a)	Australia	**100**	100
North West Radio Pty Ltd	(a)	Australia	**100**	100
Australian Regional Broadcasters Pty Ltd	(a)	Australia	**100**	100
Spirit Radio Network Pty Ltd	(a)	Australia	**100**	100
South West Printing and Publishing Company Limited	(a)	Australia	**100**	100
W.A. Broadcasters Pty Ltd	(a)	Australia	**100**	100
Quokka Press Pty Ltd	(a)	Australia	**100**	100
Dansted and McCabe Holdings Pty Ltd	(a)	Australia	**100**	100
Riverlaw Holdings Pty Limited	(a)	Australia	**100**	100
West Australian Entertainment Pty Ltd	(a)	Australia	**100**	100
WAN Cinemas Pty Limited	(a)	Australia	**100**	100
Western Mail Pty Ltd	(a)	Australia	**100**	100
Westroyal Pty Ltd	(a)	Australia	**100**	100
Australian National Television Pty Limited	(c)	Australia	**100**	-
Australian Television International Pty Limited	(c)	Australia	**100**	-
Australian Television Network Limited	(c)	Australia	**100**	-
Channel Seven Adelaide Pty Limited	(c)	Australia	**100**	-
Channel Seven Brisbane Pty Limited	(c)	Australia	**100**	-
Channel Seven MelbournePty Limited	(c)	Australia	**100**	-
Channel Seven Perth Pty Limited	(c)	Australia	**100**	-
Channel Seven Queensland Pty Limited	(c)	Australia	**100**	-
Channel Seven Sydney Pty Limited	(c)	Australia	**100**	-
Cobbittee Publications Pty Limited	(c)	Australia	**100**	-
Dodds Street Properties Pty Limited	(c)	Australia	**100**	-
Faxcast Australia Pty Limited	(c)	Australia	**100**	-

30. INVESTMENTS IN CONTROLLED ENTITIES (CONTINUED)

	Notes	Country of incorporation	Ownership interest 2011 %	2010 %
Impact Merchandising Pty Limited	(c)	Australia	**100**	-
Jupelly Pty Limited	(c)	Australia	**100**	-
Kenjins Pty Limited	(c)	Australia	**100**	-
Pacific MM Pty Limited	(c)	Australia	**100**	-
Pacific Magazines Pty Limited	(c)	Australia	**100**	-
Pacific Magazines Trust		Australia	**100**	-
Pacific Magazines (No. 2) Pty Limited	(c)	Australia	**100**	-
Pacific Magazines NZ Limited		New Zealand	**100**	-
Pacific Magazines (PP) Pty Ltd	(c)	Australia	**100**	-
Pacific Magazines (PP) Holdings Pty Ltd	(c)	Australia	**100**	-
Pacific Magazines (WHO) Pty Ltd	(c)	Australia	**100**	-
Red Publishing Pty Limited	(c)	Australia	**100**	-
Seven Magazines Pty Limited	(c)	Australia	**100**	-
Seven Network Programming Pty Limited	(c)	Australia	**100**	-
Seven Network (Operations) Limited	(c)	Australia	**100**	-
Seven Regional Operations Pty Limited	(c)	Australia	**100**	-
Seven Satellite Pty Limited	(c)	Australia	**100**	-
Seven Television Australia Limited	(c)	Australia	**100**	-
SMG Executives Pty Limited		Australia	**100**	-
SMG H1 Pty Limited	(b)	Australia	**100**	-
SMG H2 Pty Limited	(b)	Australia	**100**	-
SMG H3 Pty Limited	(b)	Australia	**100**	-
SMG H4 Pty Limited		Australia	**100**	-
SMG H5 Pty Limited	(c)	Australia	**100**	-
SMG H2 (Victoria) Pty Limited	(c)	Australia	**100**	-
Southdown Publications Pty Limited	(c)	Australia	**100**	-
Sunshine Broadcasting Network Limited	(c)	Australia	**100**	-
The Pacific Plus Company Pty Limited	(c)	Australia	**100**	-
West Central Seven Limited	(c)	Australia	**100**	-
Wide Bay - Burnett Television Limited	(c)	Australia	**100**	-
Zangerside Pty Limited	(c)	Australia	**100**	-
Zed Holdings Pty Limited	(c)	Australia	**100**	-

(i) All subsidiaries are wholly-owned and, except for 100,000 preference shares held in West Australian Newspapers Limited (2010: 100,000), the class of shares is ordinary.

(a) These controlled entities entered into a Deed of Cross Guarantee with Seven West Media Limited under ASIC Class Order 98/1418 (as amended) dated 8 April 2004 on 8 April 2004 or by Assumption Deeds prior to 30 June 2009.

(b) These controlled entities joined Seven West Media Limited's Deed of Cross Guarantee under ASIC Class Order 98/1418 (as amended) dated 8 April 2004 on 20 June 2011 by Assumption Deed.

(c) These controlled entities entered into a Deed of Cross Guarantee with SMG (H4) Pty Limited, a wholly owned subsidiary of Seven West Media Limited, under ASIC Class Order 98/1418 (as amended) dated 13 August 1998 on 22 June 2007 or by Assumption Deeds on 23 June 2008 and 25 May 2011.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

30. INVESTMENTS IN CONTROLLED ENTITIES (CONTINUED)

Pursuant to ASIC Class Order 98/1418 (as amended) 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.'

The consolidated statement of comprehensive income and summary of movements in consolidated retained earnings for the year ended 25 June 2011 of the Seven West Media Limited Closed Group is presented below according to the Seven West Media Limited Class Order:

	2011	2010
	$'000	$'000
Statement of comprehensive income		
Revenue	**406,818**	408,691
Other income	**73**	468
Depreciation and amortisation (excluding program rights amortisation)	**(21,613)**	(20,932)
Advertising and marketing expenses	**(5,820)**	(5,991)
Printing, selling and distribution (including newsprint and paper)	**(68,799)**	(75,403)
Media content (including program rights amortisation)	**(6,949)**	(6,087)
Employee benefits expense	**(117,034)**	(111,816)
Raw materials and consumables used (excluding newsprint and paper)	**(9,277)**	(9,326)
Repairs and maintenance	**(6,351)**	(5,780)
Licence fees	**(554)**	-
Transaction costs	**(26,380)**	-
Other expenses from ordinary activities	**(23,814)**	(24,129)
Share of net profit of equity accounted investees	**4,627**	3,869
Profit before net finance costs and income tax	**124,927**	153,564
Finance income	**9,905**	483
Finance costs	**(17,801)**	(19,938)
Net finance costs	**(7,896)**	(19,455)
Profit before income tax	**117,031**	134,109
Income tax expense	**(40,057)**	(37,886)
Profit for the year	**76,974**	96,223
Other comprehensive income		
Interest rate cash flow hedges	**280**	3,334
Income tax relating to components of other comprehensive income	**(84)**	(1,000)
Other comprehensive income for the year, net of tax	**196**	2,334
Total comprehensive income for the year attributable to owners of the Company	**77,170**	98,557
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the year	**4,444**	(30,399)
Profit for the year	**76,974**	96,223
Dividends provided for or paid	**(97,307)**	(61,380)
Retained earnings at the end of the year	**(15,889)**	4,444

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FOR THE YEAR ENDED 25 JUNE 2011

30. INVESTMENTS IN CONTROLLED ENTITIES (CONTINUED)

The consolidated statement of financial position for the year ended 25 June 2011 of the Seven West Media Limited Closed Group is presented below according to the Seven West Media Limited Class Order:

	2011 $'000	2010 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**114,261**	12,065
Trade and other receivables	**166,056**	54,452
Program rights and inventories	**15,302**	13,123
Other assets	**1,903**	3,253
Total current assets	**297,522**	82,893
Non-current assets		
Other receivables	**222,574**	-
Investments accounted for using the equity method	**11,604**	11,228
Investments in controlled entities	**217,945**	-
Available-for-sale financial assets	**777**	777
Property, plant and equipment	**203,739**	213,523
Intangible assets	**134,097**	132,869
Total non-current assets	**790,736**	358,397
Total assets	**1,088,258**	441,290
LIABILITIES		
Current liabilities		
Trade and other payables	**17,027**	15,278
Borrowings	**136,000**	-
Current tax liabilities	**9,718**	6,434
Provisions	**13,592**	13,644
Deferred income	**-**	1,962
Total current liabilities	**176,337**	37,318
Non-current liabilities		
Trade and other payables	**279**	547
Borrowings	**80,000**	261,000
Deferred tax liabilities	**6,250**	10,924
Provisions	**933**	950
Total non-current liabilities	**87,462**	273,421
Total liabilities	**263,799**	310,739
Net assets	**824,459**	130,551
EQUITY		
Share capital	**2,489,061**	126,520
Reserves	**(149)**	(413)
Non-controlling interests	**(1,648,564)**	-
Retained earnings	**(15,889)**	4,444
Total equity	**824,459**	130,551

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FOR THE YEAR ENDED 25 JUNE 2011

31. EARNINGS PER SHARE

	2011	2010
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company.	**38.6 cents**	45.4 cents
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company.	**37.5 cents**	45.0 cents

	2011 $'000	2010 $'000
Earnings used in calculating earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share.	**115,122**	96,223

	2011 Number	2010 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.	**298,132,960**	211,825,350
Adjustments for calculation of diluted earnings per share:		
- Convertible Preference Shares (CPS)	**6,861,277**	-
- 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	**1,689,801**	2,128,700
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**306,684,038**	213,954,050

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32. SHARE-BASED PAYMENTS

The total expense recognised for share-based payments for all plans during the financial year for the Group was $284,981 (2010: $235,364).

Details of share-based plans in operation are as follows:

Share rights granted as compensation

(i) Long term incentive (LTI) program – chief executive officer (CEO)

The theme of linking remuneration policy directly to company performance for 2010/11 is extended to LTIs granted to the CEO, who is entitled to receive share rights on the basis outlined below.

The CEO's LTI program, under which equity in the Company can be earned, has two hurdles, or assessment points, which ultimately determine his LTI entitlement.

The first hurdle provides access to the program, and establishes an unvested number of share rights. The second hurdle determines the number of shares that vest and thus will be received by the CEO.

Under the first hurdle, which is applied annually on 30 June, the CEO may be granted unvested share rights, in accordance with the following:

- Where reported EPS growth for the year is equal to CPI + 6%, the CEO is granted an allocation equal in value to 25% of his fixed annual remuneration (FAR).
- Where reported EPS growth for the year is equal to CPI + 8%, the CEO is granted an allocation equal in value to 50% of his FAR.
- Where reported EPS growth is between the two thresholds above, the allocation is determined on a pro-rata basis.

Once share rights have been granted, a second hurdle is applied to determine the number of shares that will ultimately vest.

The second hurdle is assessed three years after the shares were granted. The second hurdle is based on the Company's Total Shareholder Return (TSR).

The TSR performance hurdles are:

- If TSR is within the 50-75 percentile of a comparative group, then the percentage ranking, multiplied by the available LTI share rights, will vest.
- If TSR is within the 75-100 percentile of a comparative group, then the percentage of available LTI share rights that vest will be from 75% to 150% of the available share rights, calculated on a pro-rata basis.

In the event that minimum TSR performance hurdle for year three is not achieved, the share rights granted can be carried forward for two years, with a re-test performed in each of these years, based on the TSR over four or five years respectively.

The maximum value of shares issued under the LTI program, assuming all hurdles are passed at the highest level, equates to 75% of the CEO's FAR.

Details of discretionary share rights granted as compensation to Mr CS Wharton, the CEO, during the financial year are as follows (no share rights were granted during the previous financial year):

Vesting conditions	Total Shareholder Return (TSR)
Number of rights granted	41,081
Class of equity right	Ordinary
Grant date	3 August 2010
First test date	3 August 2013
Expiry date	3 August 2015
Fair value at grant date	$4.95
Valuation methodology	Monte Carlo simulation
Expected vesting date	3 August 2013
Expensed in 2010/11	$67,784
Total value of grant	$203,351
Percentage/forfeited in 2010/11	0%

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

32. SHARE-BASED PAYMENTS (CONTINUED)

The Board believes it is in the best interest of the Company to ensure that the CEO's annual remuneration package is reasonable and represents an appropriate reward for both the financial and operational results achieved during the period. The Board therefore reserves the right to, in exceptional circumstances, make a discretionary allocation of share rights to the CEO.

Non-executive directors share plan

In order to more closely align the interests of the non-executive directors with shareholder interests in the creation of value for shareholders as a whole, non-executive directors are obliged to receive at least 25% of their annual fees as shares in the Company. These shares are purchased on-market at prevailing prices and must be held for ten years unless the director retires or a specified event occurs, such as if a takeover bid is made for the Company.

The total number of shares received by directors of the Company during the financial year in accordance with the plan was 37,161 (2010: 32,938). The total value of shares received by directors during the financial year in accordance with the plan was $217,197 (2010: $235,364), as determined by the observed market price.

Executive and employee share plans

Plans for the purchase of shares in the Company by executives and employees have been suspended and have not been used since 2002. Details of the plans are as follows:

The issue price of shares allotted under the plans was the average sale price of all shares sold on the ASX during the five days preceding allotment. Under the plans West Australian Newspapers Limited (a subsidiary), lent the full issue price to employees/executives on an interest-free basis. Loans were secured by share mortgages/liens over shares issued in accordance with the plans and during employment are repaid from net dividends (after taxation). While shares are subject to these restrictions, they are not permitted to be hedged or in any other way dealt with.

In the event of cessation of employment of employees/executives, loans are repayable but West Australian Newspapers Limited cannot claim or demand outstanding moneys other than to the extent of proceeds realised from the disposal of shares secured under the plans.

The total number of shares issued under the plans in the previous five years must not exceed 5% of the total number of shares on issue. No shares have been issued in the previous five years under the plans.

(i) West Australian Newspapers Holdings Limited Executive Share Purchase and Loan Plan

This plan was approved at the annual general meeting of the Company on 9 October 1992. The operation of this plan has been suspended and no executives have been invited to apply for shares since 2002. Senior executives of the Group were from time to time invited to apply for shares as determined by the board of directors.

Shares issued under the plan were not able to be sold until the expiry of three years from date of issue. Up to half the shares could have been sold during the fourth and fifth year and there were no restrictions on sale after five years from the date of issue. The loans are repayable immediately upon termination of employment except in cases of termination due to death, total and permanent disablement, retirement or other circumstances approved by the directors, where two years are allowed for repayment of the loan.

In all other respects the shares previously issued in accordance with the plan rank equally with other fully-paid ordinary shares on issue.

(ii) West Australian Newspapers Holdings Limited Employee Share Plan

This plan was approved at the annual general meeting of the Company on 22 October, 1993. The operation of the plan has been suspended and no employees have been invited to apply for shares since 2002.

Where an allocation of shares was made under the plan, eligible employees were invited to participate. Eligible employees were those who:

- were permanent employees of the Group on either a full-time or part-time (minimum 20 hours per week) basis;
- were 18 years of age or over;
- had completed 12 months continuous employment.

32. SHARE-BASED PAYMENTS (CONTINUED)

The total number of shares for which employees were invited to apply was determined by the board of directors with allocations to individual employees being based on salary levels.

Shares under the plan were not able to be sold until the earlier of two years after issue or cessation of employment with the Group. In all other respects the shares rank equally with other fully-paid ordinary shares on issue.

Under AASB 2 *Share-based Payment* , the plans are deemed as equity settled, share-based remuneration and treated as an in-substance grant of options. The Group has taken advantage of the exemption in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* not to apply AASB 2 to shares issued under these plans.

Refer note 1(w)(iii) for accounting policy relating to share-based payments.

33. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2011 $'000	2010 $'000
Profit for the year after tax	**115,122**	96,223
Non-cash items		
Depreciation and amortisation	**63,304**	20,932
Net gain on sale of non-current assets	**(73)**	(468)
Employee benefits expense – share-based payments	**68**	-
Dividend received from equity accounted investees less share of profit of equity accounted investees	**(1,138)**	381
Transfers from plant and equipment to inventories	**-**	1,021
Non-cash investment in associated entity	**(1,249)**	-
Movement in:		
Receivables	**18,878**	(2,597)
Inventories	**(3,917)**	(853)
Program rights	**(40,837)**	-
Other operating assets	**1,223**	(1,516)
Payables	**(28,537)**	(1,541)
Program liabilities	**(413)**	-
Provisions	**1,858**	(14,963)
Other operating liabilities	**(11,464)**	1,137
Tax balances	**28,120**	5,679
Net cash inflow from operating activities	**140,945**	103,435

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 25 JUNE 2011

34. PARENT ENTITY FINANCIAL INFORMATION

Summary of financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

	Parent entity	
	2011	2010
	$'000	$'000
Balance sheet		
Current assets	**40,882**	39,515
Total assets	**2,538,901**	187,186
Current liabilities	**14,816**	6,627
Total liabilities	**21,618**	39,664
Shareholders' equity		
Share capital	**2,489,061**	126,520
Reserves		
Asset revaluation reserve	**8,352**	8,352
Equity compensation reserve	**(86)**	(86)
Retained earnings	**19,956**	12,736
	2,517,283	147,522
Profit for the year	**104,528**	60,989
Total comprehensive income	**104,528**	60,989

Guarantees entered into by the Parent Entity

The Parent Entity has provided financial guarantees in respect of borrowings of a subsidiary amounting to $216,000,000 (2010: $261,000,000). No liability was recognised by the Parent Entity in relation to these guarantees, as the fair value of the guarantees is immaterial.

In addition, there are cross guarantees given by Seven West Media Limited and its subsidiaries described in note 30.

Contingent liabilities of the Parent Entity

The Parent Entity did not have any contingent liabilities as at 25 June 2011 or 30 June 2010. For information about guarantees given by the Parent Entity refer above.

35. EVENTS OCCURRING AFTER THE REPORTING DATE

There are no matters or circumstances which have arisen since 25 June 2011 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in financial years subsequent to 25 June 2011.

Directors' Declaration

YEAR ENDED 25 JUNE 2011

In the directors' opinion:

(a) the financial statements and notes set out on pages 44 to 96 are in accordance with the *Corporations Act 2001* , including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Group's financial position as at 25 June 2011 and of its performance for the financial year ended on that date; 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; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 30 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 30.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

KM Stokes AC
Chairman

Perth, Western Australia
20 September 2011

Independent Auditor's Report

TO THE MEMBERS OF SEVEN WEST MEDIA LIMITED

pwc

Independent auditor's report to the members of Seven West Media Limited

Report on the financial report

We have audited the accompanying financial report of Seven West Media Limited (the company), which comprises the balance sheet as at 25 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Seven West Media Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Independent Auditor's Report

TO THE MEMBERS OF SEVEN WEST MEDIA LIMITED

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Seven West Media Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 25 June 2011 and of its performance for the year ended on that date; and

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

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 33 to 42 of the directors' report for the year ended 25 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Seven West Media Limited for the year ended 25 June 2011, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

DS Wiadrowski

DS Wiadrowski
Partner

20 September 2011

Company Information

DIRECTORS

KM Stokes AC - Chairman
DR Flynn
DJ Leckie - Chief Executive Officer & Managing Director
PJT Gammell
GT John AO
JC Reizes
DR Voelte
SMC Walsh AO

COMPANY SECRETARY

PJ Bryant

REGISTERED OFFICE

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50 Hasler Road
Osborne Park WA 6017

SHARE REGISTRY

Computershare Investor Services Pty Ltd
45 St Georges Terrace
Perth WA 6000
Telephone (08) 9323 2000
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Sydney NSW 2000

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Sydney NSW 2000

Clayton Utz
1 O'Connell Street
Sydney NSW 2000

Freehills
MLC Centre
Martin Place
Sydney NSW 2000

Johnson Winter & Slattery
20 Bond 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:

Computershare Investor Services Pty Ltd
45 St Georges Terrace
Perth WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033 or

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

Computershare has an online service which enables investors to make online changes, view balances and transaction history, as well as obtain information about recent dividend payments, download various forms and update shareholder details to assist in the management of their holding. To use this service, simply visit the Computershare website.

Other general inquiries may be directed to Mr Peter Bryant, Company Secretary on (08) 9482 3138 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 Registries' 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 number should be quoted on any correspondence investors have with the Share Registry.

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

Shareholder Information

YEAR ENDED 25 JUNE 2011

The shareholder information set out below was applicable at 20 September 2011.

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	7,320
1,001 - 5,000	15,032
5,001 - 10,000	3,695
10,001 - 100,000	2,268
100,001 and over	110
	28,425

b) There were 191 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
Seven Media Group Pty Ltd	180,467,446	29.57
National Nominees Limited	68,755,613	11.27
The Trust Company (Australia) Limited <KKR Australia III A/C>	68,227,286	11.18
J P Morgan Nominees Australia Limited	38,789,012	6.36
HSBC Custody Nominees (Australia) Limited	34,504,001	5.65
JP Morgan Nominees Australia Limited <Cash Income A/C>	11,873,781	1.95
Cogent Nominees Pty Limited	11,544,900	1.89
Citicorp Nominees Pty Limited	7,672,115	1.26
Australian Foundation Investment Company Limited	6,565,950	1.08
AMP Life Limited	5,286,970	0.87
Australian Foundation Investment Company Limited	4,597,846	0.75
Australian Reward Investment Alliance	4,356,639	0.71
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	3,401,542	0.56
Citicorp Nominees Pty Limited <CFSIL Cwlth Aust SHS 18 A/C>	2,770,461	0.45
Neweconomy Com Au Nominees Pty Limited <900 Account>	2,763,417	0.45
UBS Wealth Management Australia Nominees Pty Ltd	2,691,565	0.44
TCW Crescent Mezzanine Partners IV/IVB (Ireland) Ltd	2,002,370	0.33
Djerriwarrh Investments Limited	1,736,064	0.28
Milton Corporation Limited	1,715,264	0.28
Citicorp Nominees Pty Limited <CFSIL Cwlth Aust SHS 17 A/C>	1,447,290	0.24
	461,169,532	**75.57**

Shareholder Information

YEAR ENDED 25 JUNE 2011

C. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are set out below:

Name	Number of ordinary shares held	Percentage of issued shares
Seven Media Group Pty Ltd	180,467,446	29.57
The Trust Company (Australia) Limited as trustee of the KKR Australia III Trust	69,288,792	11.35
Ausbil Dexia Limited	34,814,584	5.70

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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SEVEN WEST MEDIA