SEVEN WEST MEDIA

Seven West Media
2012 Annual Report

AUSTRALIA'S LEADING MULTI-PLATFORM MEDIA COMPANY

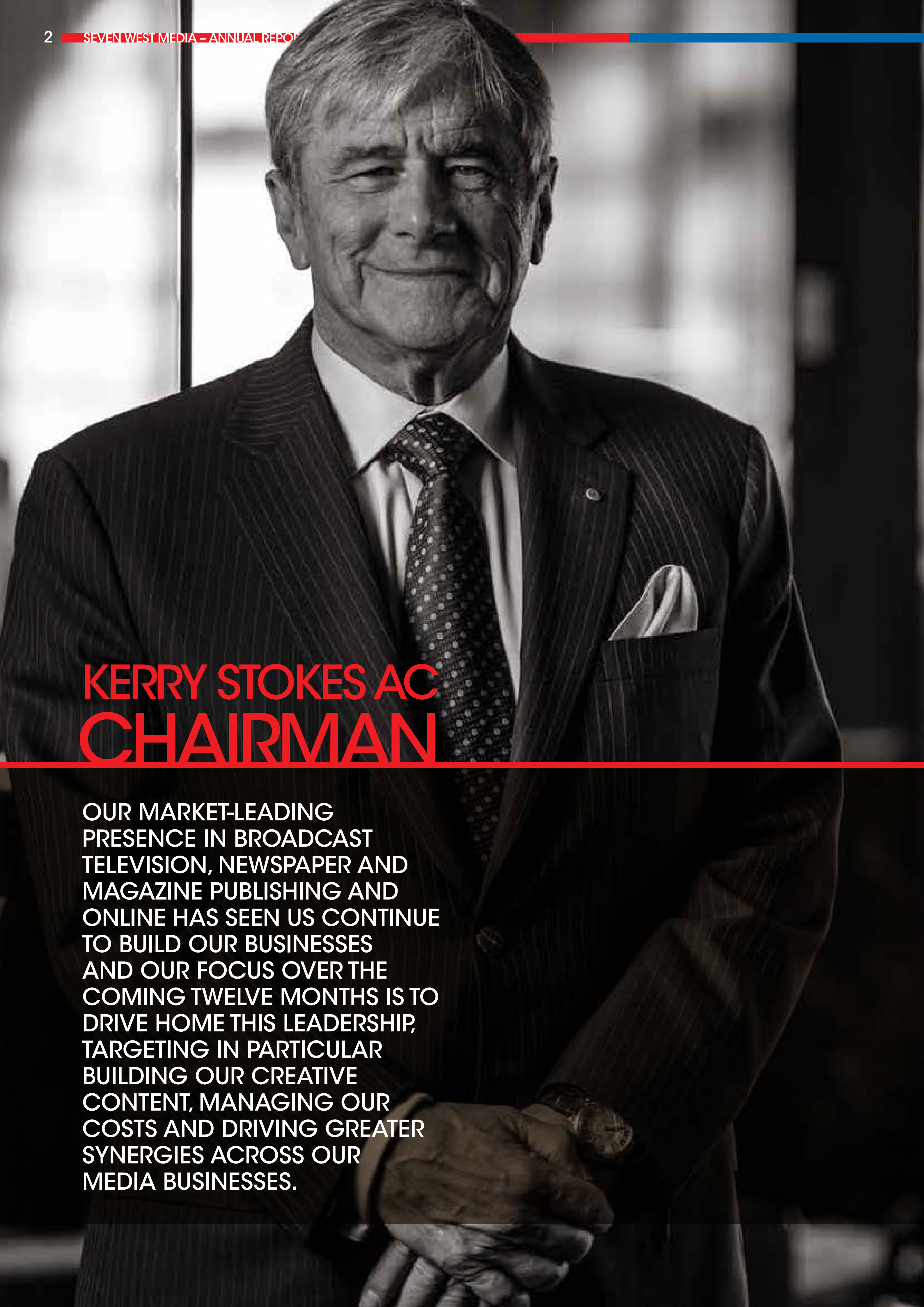
CONTENTS

VISION
SPAPER
AZINE
TAL

We have the best brands in media. Our objective over the coming twelve months is to harness these businesses and its leaders, and further strengthen our market-leading presence in media.

It has been a tough market over the past twelve months. But Seven West Media is strong and well-placed to drive home its leadership as it expands its presence in media and the delivery of content across new technology platforms. We are building our businesses.

Over the past twelve months, your company has undertaken 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 and enhance revenue delivery across the entire business.



KERRY STOKES AC
CHAIRMAN

OUR MARKET-LEADING PRESENCE IN BROADCAST TELEVISION, NEWSPAPER AND MAGAZINE PUBLISHING AND ONLINE HAS SEEN US CONTINUE TO BUILD OUR BUSINESSES AND OUR FOCUS OVER THE COMING TWELVE MONTHS IS TO DRIVE HOME THIS LEADERSHIP, TARGETING IN PARTICULAR BUILDING OUR CREATIVE CONTENT, MANAGING OUR COSTS AND DRIVING GREATER SYNERGIES ACROSS OUR MEDIA BUSINESSES.

The positive financial performance of the company's media businesses in a difficult market, the dominance of our broadcast television business, our successful publishing businesses and our developments in new content delivery technologies over the past twelve months underline our leadership in media in Australia.

This has been a tough twelve months for media companies, confronting challenges in Australia's economy, in particular consumer confidence and its impact on advertising demand.

This is driving significant change in the way in which all media companies do business.

The media landscape is changing. It is not without its challenges. But, we see this as an opportunity for the growth and development of your company.

The positive financial performance of the company's media businesses in a difficult market, the dominance of our broadcast television business, our successful publishing businesses and our developments in new content delivery technologies over the past twelve months underline our leadership in media in Australia.

Our market-leading presence in broadcast television, newspaper and magazine publishing and online has seen us continue to build our businesses and our focus over the coming twelve months is to drive home this leadership, targeting in particular building our creative content, managing our costs and driving greater synergies across media businesses.

Unfortunately our market leadership and current profitability are not reflected in our share price. While we are not alone, particularly in the media sector over the past twelve months, this is a primary concern for the board of your company. Quite clearly, your board's objective over the coming twelve months is to enhance the shareholder value of your company.

Recently, the board announced the appointment of three new directors: Michelle Deaker, David Evans and Ryan Stokes. I am pleased to welcome these three high calibre people to the board. Their skills and experience will further enhance a very strong, highly credentialed and experienced board of Seven West Media.

In June, David Leckie announced his decision to transition from his role as Chief Executive Officer of Seven West Media to a new role as Executive Director, Media for Seven Group Holdings. David has been key to the success of the Seven Network and the development of Seven West Media, building it to a winning position. We are pleased that we are retaining his services in a senior consulting and advisory role at Seven West Media and his new executive role at Seven Group Holdings.

I am delighted Don Voelte, a director on the board of Seven West Media, has taken on the role of Managing Director and Chief Executive Officer. He is leading a highly regarded management team and has a track record of driving businesses in challenging and competitive markets. Don's experience was recognised by the market in its support of Seven West Media's recent rights issue.

The formation of Seven West Media eighteen months ago brought together The West Australian's strengths in publishing with Seven's strong media platforms, including market leadership in broadcast television, a market-leading magazine publishing business and an increasing presence in online and new communications technologies.

The past twelve months has seen our businesses build on their leadership. More is to be done. We are committed to building on our leadership while confronting a difficult economy, managing our costs, driving greater efficiencies across our businesses, and creating opportunities to secure our future in a dramatically evolving digital environment.

Your board and management are committed to building shareholder value and ensuring the future growth of the company. The company has a strong balance sheet after successfully completing the re-financing of all components of group debt and completing an underwritten pro rata accelerated entitlement offer to raise $440 million.

The decision to bring together two great media companies to create Seven West Media eighteen months ago created a company with the scope and scale to build our businesses and invest in our companies and people and manage a tough economic and industry climate.

On behalf of the board and our people, I thank you, our shareholders, for your commitment to the company.

Kerry Stokes AC
Chairman

From the Managing Director and Chief Executive Officer

DON VOELTE MD & CEO

Our objective over the coming twelve months is to strengthen our performance in a challenging market impacted by a decline in consumer confidence. We will continue to invest in our creative content and drive home the leadership of our media businesses. We are focused on developing our management and our people.

This is my first report to shareholders as Managing Director and Chief Executive Officer of your company.

It is an honour to lead a well-credentialed management team as we build our business.

We have the best brands in media. Our objective over the coming months is to harness these businesses and their leaders, and further strengthen our market-leading presence in media.

It has been a tough market over the past twelve months. But Seven West Media is strong and well-placed to drive home its leadership as it expands its presence in media and the delivery of content across new technology platforms. We are building our businesses.

Over the past twelve months, your company has undertaken 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 and enhance revenue delivery across the entire business.

It is our intent to make our businesses both effective and efficient.

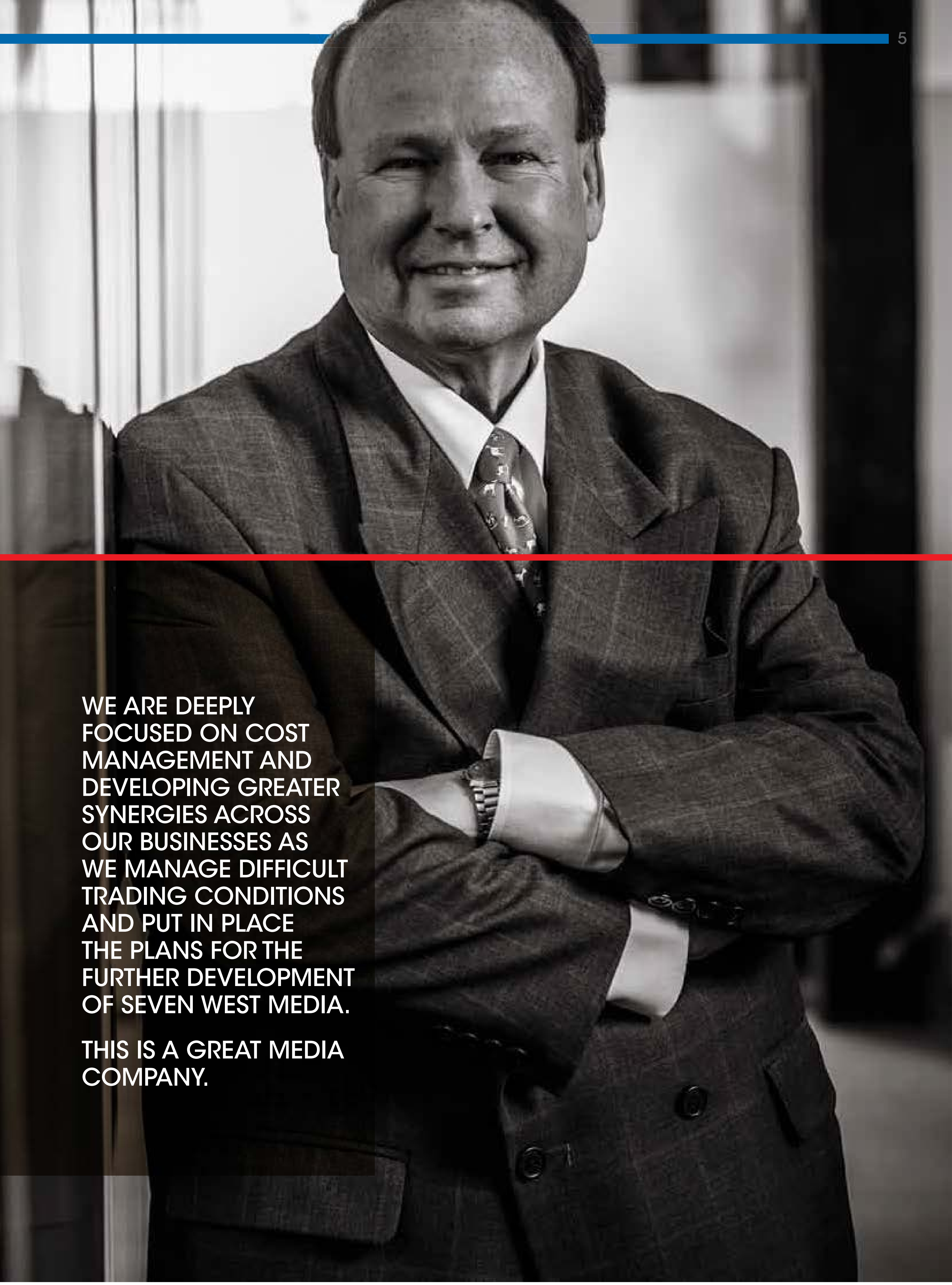
Despite difficulties in the overall advertising market, Seven West Media delivered above its market guidance for earnings before net finance costs and income tax expense (EBIT), issued on 24 April 2012, and in line with market guidance provided on 16 July 2012, as part of the successful $440 million capital-raising to reduce debt and strengthen the company's balance sheet.

In its first full year of trading, following West Australian Newspapers Holdings' acquisition of Seven Media Group to create Seven West Media, the company has delivered a statutory profit after tax of $226.9 million. The result was underpinned by statutory revenues of $1,937.1 million.

Earnings before net finance costs, income tax expense and depreciation and amortisation (EBITDA) before significant items of $535.0 million is up from $274.3 million in the prior corresponding period with EBIT of $473.4 million up from $217.6 million in the prior corresponding period.

On a pro forma basis – with the prior year including twelve months of both West Australian Newspapers and Seven Media Group – Seven West Media delivered EBIT of $473.4 million on total revenues of $1,957.4 million (FY11 pro forma EBIT of $550.1 million on total revenues of $1,960.6 million). Revenues on a pro forma basis include share of profits of equity accounted investees and other income.

Seven West Media has net assets of $2.6 billion and $113.6 million in available undrawn facilities at 30 June 2012.



WE ARE DEEPLY FOCUSED ON COST MANAGEMENT AND DEVELOPING GREATER SYNERGIES ACROSS OUR BUSINESSES AS WE MANAGE DIFFICULT TRADING CONDITIONS AND PUT IN PLACE THE PLANS FOR THE FURTHER DEVELOPMENT OF SEVEN WEST MEDIA.

THIS IS A GREAT MEDIA COMPANY.

Over the past twelve months, the company has successfully completed 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 with overall pricing similar to that under previous facilities.

On 17 August 2012, the company successfully completed an underwritten pro rata accelerated entitlement offer to raise $440 million. The proceeds from the equity raising have been used to pay down debt, strengthening the company's balance sheet.

Our financial results over the past twelve months in a difficult market confirm the underlying strengths of your company. Our businesses are performing with strong margins in a tough and competitive market. Our balance sheet is strong.

Our television business, the Seven Network, under the leadership of Tim Worner, continues to lead the market in television advertising revenue share, building share in a tough advertising market. Recent industry figures put Seven's share of the advertising revenue market at 40 per cent for January-June 2012 and 39 per cent across the 2011-2012 financial year.

More Australians watch Seven than any other television network. Seven was the most-watched network for total viewers across the 2011 television year and leads in the 2012 television year, its seventh consecutive year of market leadership in primetime.

Seven is the most-watched primary channel for total viewers in the current television year. 7TWO is the most-watched digital channel for total viewers and its people 25+ target audience and 7mate is the most-watched digital channel in its men 16-54 target audience in the current television year.

Our agreement with the Australian Football League underlines the company's commitment to build on its success and secure key programming content to drive this leadership in broadcast television in an increasingly competitive landscape.

Seven's television cost growth of 9.3 per cent over the past 12 months reflects the continuing significant investment in Australian programming and the first year of the new AFL agreement, and a change in accounting methodology in relation to revenue from contra advertising services provided in exchange for broadcast rights or other goods and services. Cost growth on a like-for-like basis, before this change in accounting methodology, is 6.7 per cent.

Our newspaper business, The West Australian, under the leadership of Chris Wharton, is the best-performing newspaper business in Australia. More than one million West Australians read The West every week. In its 180th year of publishing, The West continues to play a vital role in the lives of all West Australians, delivers market-leading margins and continues to manage its newspaper business in a challenging environment.

Our magazine publishing business, Pacific Magazines, under the leadership of Nick Chan, has delivered a positive performance in a challenging market. Recent circulation figures confirm Pacific Magazines' leadership in key publishing categories: home and lifestyle, health, fashion, men's lifestyle and youth. The company is acknowledged as publishing Australia's most powerful portfolio of magazines, occupying the largest per title share of all major publishers. The company's share of magazine market advertising revenue is 27 per cent.

Seven West Media's digital presence through Yahoo!7, a joint venture with Yahoo! Inc., continues its strong momentum, delivering growth in revenue and earnings, and strong EBITDA and EBIT margins.

Under the leadership of Rohan Lund, Yahoo!7 has built one of Australia's largest digital distribution platforms with 8.8 million Australians visiting the website as at May 2012, and 4.4 million Australians visiting the company's mobile sites each month. Yahoo!7 has invested in new targeting products and solutions, helping to secure its position as one of the fastest growing online publishers (of the top five publishers) with advertising share up 37 per cent for the June quarter (according to Standard Media Index).

Following his successful role at Yahoo!7, Rohan recently has joined Seven West Media as Group Chief Operating Officer. In this newly created role at Seven West Media, he will lead the group executive team in driving change and transitioning the group to a digital future.

Our objective over the coming twelve months is to strengthen our performance in a challenging market impacted by a decline in consumer confidence. We will continue to invest in our creative content and drive home the leadership of our media businesses. We are focused on developing our management and our people.

We are also deeply focused on cost management and developing greater synergies across our businesses as we manage difficult trading conditions and put in place the plans for the further development of Seven West Media.

This is a great media company. It has strong leadership across its businesses and great people, and I would like to acknowledge David Leckie's great contribution to the business and the broader media industry as CEO over the past nine years. I welcome his continuing involvement in the future of Seven West Media.

We are looking forward to the coming twelve months.

Don Voelte
Managing Director and
Chief Executive Officer

BROADCAST TELEVISION WILL CONTINUE TO DRIVE OUR DEVELOPMENT AS A BROAD-BASED MEDIA COMPANY CREATING NEW CONTENT AND DELIVERY PLATFORMS, INCLUDING MULTIPLE CHANNELS ON OUR DIGITAL PLATFORM THAT WILL UNDERPIN OUR FUTURE, BUILDING ON THE STRENGTHS OF BROADCAST TELEVISION AND OUR ACKNOWLEDGED LEADERSHIP IN THE CREATION AND PRODUCTION OF AUSTRALIAN TELEVISION.

BROADCAST TELEVISION

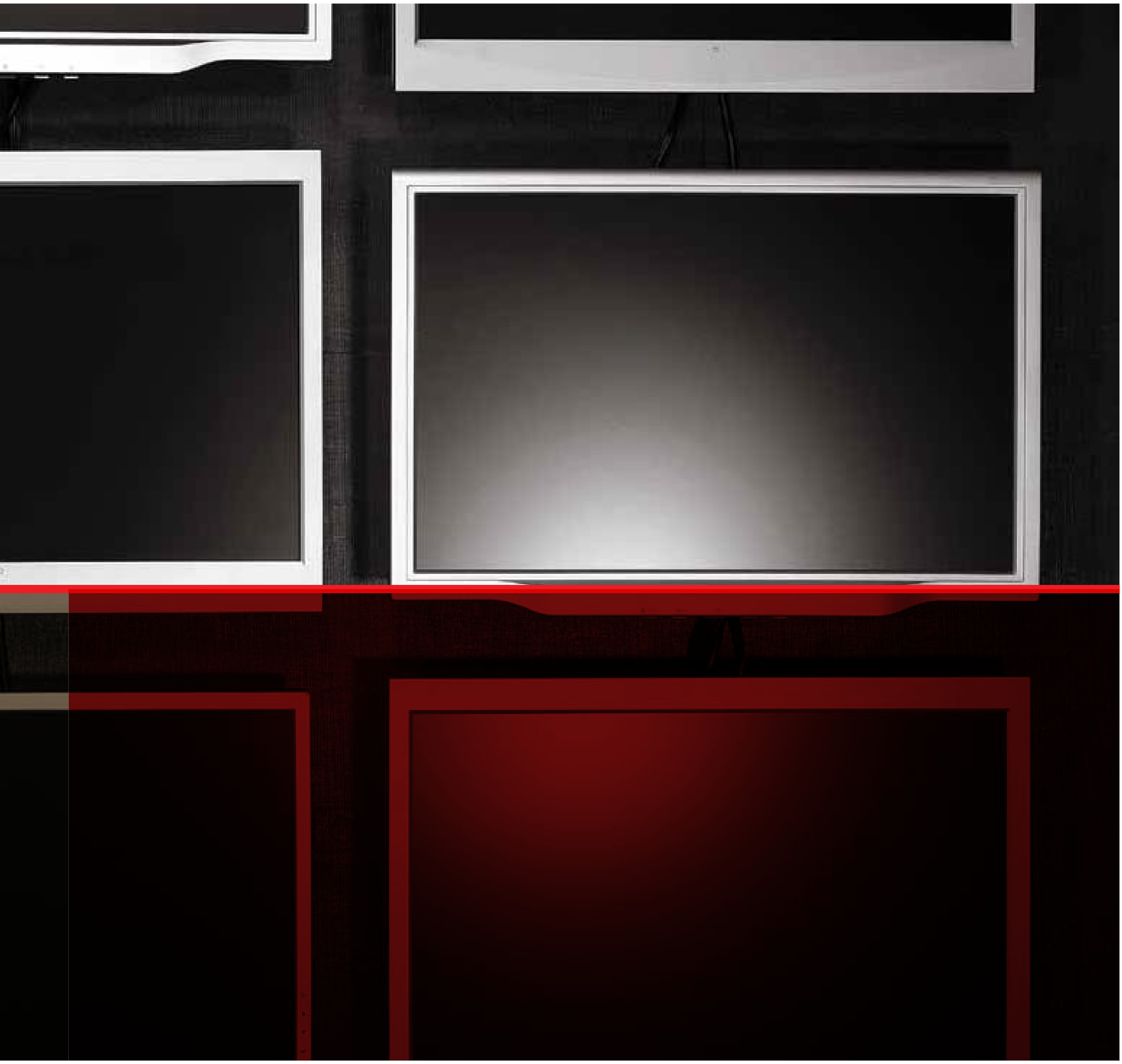
Seven is number one in Australian television.

More Australians watch Seven than any other television network.

Across the 2012 television season and in a year of major events, Seven continues to lead in primetime, building on its market-leading performance in the 2011 television season.

Seven is number 1 on primary channels and the combined audiences of digital multiple channels across primetime.

Seven is the most-watched primary channel for total viewers in the current television year and our suite of multi-channels delivers more viewers than anyone else. 7TWO is the most-watched digital channel for total viewers and its people 25+ target audience and 7mate is the most-watched digital channel in its men 16-54 target audience in the current television year.



Seven is number one in news and public affairs.

Seven News is the most-watched nightly news bulletin.

Today Tonight is the most-watched nightly public affairs programme.

Sunday Night – our weekly public affairs programme is winning its pivotal primetime timeslot with an audience of 1.3 million in 2012. Sunday Night is the most-watched weekly public affairs programme on television.

Sunrise continues to dominate breakfast television. Sunrise is up 11 per cent on Today in total viewers and up 10 per cent on Today in all viewers under 55. Seven continues to dominate morning television. The Morning Show is up 58 per cent on Mornings.

This is our ninth consecutive year of leadership in breakfast television, our eighth consecutive year of leadership in news and public affairs, our sixth consecutive year of leadership in primetime, our sixth consecutive year of leadership in morning television, and our seventh consecutive year of leadership overall across the 6.00am-midnight broadcast day.

Our leadership sees Seven securing a market-leading share of the television advertising market across the 2011 and 2012 television seasons. The network is now in its seventh consecutive year of leadership in securing more advertising revenue than any other television network, recently recording its seventh consecutive half year with an overall television advertising revenue share of 38 per cent or more.

40%

OUR LEADERSHIP IN AUDIENCE DELIVERY SECURES US A MARKET-LEADING SHARE OF THE TELEVISION ADVERTISING MARKET FOR THE SEVENTH CONSECUTIVE YEAR.

Across the first six months of the 2012 television year Seven secured a 40 per cent share of the overall advertising market and across the 2011-2012 financial year Seven secured an overall advertising revenue share of 39 per cent.

This leadership underscores our commitment to broadcast television.

Seven delivered EBIT of $291.0 million on revenues of $1,262.4 million. EBIT margin is 23.1 per cent and EBITDA margin is 25.5 per cent. Seven's cost growth reflects the continuing significant investment in Australian programming and the first year of the new agreement with the Australian Football League.

The agreement with the Australian Football League underlines the company's commitment to build on its success and secure key programming content to drive this leadership in broadcast television in an increasingly competitive landscape.

Seven's agreement with the Australian Football League for broadcast television rights for the 2012-16 seasons delivers four home and away matches per week, all finals, the Brownlow Medal and the Grand Final – with Seven as the only broadcast television platform for the Australian Football League over the coming five years.

Our success with Friday Night Football, Saturday Afternoon Football, Saturday Night Football and Sunday Afternoon Football along with our coverage of The Australian Open and Melbourne Cup confirms the importance of major sports in defining Seven's development as a media and communications company.

Leadership in major sports events, leadership in news and public affairs and leadership in the creation and development of Australian programming form the three cornerstones of Seven's future in television.

While continuing to invest in our content, we are undertaking a comprehensive review of our television business to drive greater efficiencies and management of operations without impacting our programming content.

Broadcast television will continue to drive our development as a broad-based media company creating new content

MORE AUSTRALIANS WATCH SEVEN. SEVEN IS NUMBER ONE ON PRIMARY CHANNELS AND THE COMBINED AUDIENCES OF DIGITAL CHANNELS ACROSS PRIMETIME IN 2012.

and delivery platforms, including multiple channels on our digital platform that will underpin our future, building on the strengths of broadcast television and our acknowledged leadership in the creation and production of Australian television.

Building on our leadership in primetime in 2007, 2008, 2009 and 2010, Seven was number one in the 2011 television year in total viewers, 16-39s, 18-49s and 25-54s. Seven's primary channel was number one in primetime and overall and Seven's broadcast platform was number one in primetime and overall across 6.00am-midnight in 2011.

Seven's broadcast platform of Seven, 7TWO and 7mate was up in all audiences on Seven's audience delivery in 2010. Seven was up 11.2 per cent in total viewers, up 13.0 per cent in 16-39s, up 9.7 per cent in 18-49s and up 9.6 per cent in 25-54s on the network's broadcast platform audience delivery in 2010.

Underlining Seven's leadership in 2011, the network dominated the most-watched programmes, with the number 1, top 3, 11 of the top 20 and 20 of the top 40 programmes, including: Australia's Got Talent, Downton Abbey, Packed to the Rafters, The X Factor, My Kitchen Rules, Winners and Losers, The Amazing Race, Bones, The Force, Border Security, Criminal Minds, Beauty and the Geek, World's Strictest Parents, Better Homes and Gardens, Home and Away, Body of Proof, Four Weddings and Dinner Date.

Building on this success, Seven is number 1 in primetime in 2012.

Seven has won more weeks and more primetime nights than any other network and in a competitive market continues to deliver in the most-watched regular series on television, including the market-dominating performance of My Kitchen Rules and Downton Abbey, the continuing strength of major franchises including The X Factor, Dancing with the Stars, Home and Away, Packed to the Rafters and Winners and Losers and the success of Revenge and Please Marry My Boy.

Our planning for the 2013 television season is well-advanced with a number of new Australian series in development, including a new weekly drama series A Place to Call Home complementing our success with Packed to the Rafters, Home and Away and Winners and Losers, and building on the success of My Kitchen Rules, a new franchise: House Rules.

Our broadcast television platform, underpinned by our strongly performing primary Seven channel and our multiple digital channels designed to complement and leverage Seven, and our leadership in Australian production confirm the fundamental strengths of our broadcast television business and its future in allowing us to create and distribute our content across an array of communications technologies.

NEWSPAPER PUBLISHING

The West Australian Newspaper Group is the best-performing newspaper company in Australia.

The West's strengths, combined with the company's strong media platforms – including market leadership in regional newspaper publishing, broadcast television, magazines publishing and a commitment to securing its future through the development of its presence in online and new communications technologies – provides significant opportunities for long-term growth.

Now in its 180th year of publishing, The West Australian is an important part of the lives of all West Australians. It has market-leading margins and has managed its operations and costs effectively.

The West Australian is WA's highest selling, best read print medium, and was the only metropolitan daily newspaper in

Australia to increase its Monday to Friday circulation year on year.

Every week 1,016,000 West Australians read The West Australian, with The Weekend West continuing to dominate the Western Australian market, outreaching its closest competitor by 98,000 readers.

The West Australian and regional newspapers delivered EBITDA of $137.2 million and EBIT of $116.2 million on revenues of $348.4 million. EBITDA margin is 39.4 per cent. EBIT margin is 33.4 per cent.

The company continues to manage its newspaper business in a challenging environment, holding cost growth to 1.8 per cent over the past twelve months, helping to offset the 1.2 per cent decline in circulation revenues to $68 million and the 6.5 per cent decline in advertising revenue to $264.8 million compared to the prior year. Excluding depreciation and amortisation costs, cost growth for the year is 1.4 per cent.

The West Australian has increased its total Monday to Saturday audited circulation by 0.2 per cent for the June 2012 quarter, maintaining its position as one of the strongest performing newspapers in the country. Total newspaper revenue is down 5.2 per cent on the corresponding year reflecting difficulties in the overall advertising market.

Over the past three years, The West Australian has successfully launched a number of websites, complementing its printed products and offering clients another medium for their advertising.

These new sites, WestRealestate.com.au and WestAnnouncements.com.au, have performed strongly and, as noted above,

provide a quality on-line offering to support and complement our printed product.

Difficulties in the overall advertising market and the challenges confronting newspaper publishing companies have been widely documented.

The West's strong performance relative to other newspaper companies confirms the paper's disciplined approach to cost management, quality improvement and its focus on the delivery of a product consumers seek. The uncertainties in consumer confidence impacted display advertising revenue and classified advertising.

While The West Australian's disciplined approach to cost management continues to deliver efficient management of operations and expenses, the company is undertaking a far-ranging review of operations to drive further efficiencies without impacting the content and quality of the company's assets. Ensuring we invest and develop quality in everything we do will continue to be the key to the ongoing success of the business.

The quality of the Group's publications was again demonstrated during the year, with its journalists and photographers winning numerous awards for outstanding work.

Joseph Catanzaro, a defence writer for The West Australian, won a 2011 Walkley Award. His investigation into the human toll for Australian troops who fought in Afghanistan won him the Best Print News Report award.

Seven West Media, led by The West Australian, dominated the 2011 WA Media Awards.

The West Australian's reporters, photographers and sub-editors won an unprecedented 12 awards, with other Seven West winners coming from Seven News and the The Kalgoorlie Miner.

Walkley-winning reporter Steve Pennells scooped five prizes, including the 2011 Daily News Centenary Award for journalist of the year. Pennells' reports on the Malaysian asylum-seeker swap deal won him awards for best print news coverage and best social equity report, while his coverage of the Somalian refugee crisis

earned him gongs for best feature writing and best photographic essay.

Medical editor Cathy O'Leary, health writer Marnie McKimmie and reporter Angela Pownall were awarded the prestigious Arthur Lovekin Prize, bestowed by the University of WA, for an investigation that exposed inadequacies in the State's mental health services for teenagers. O'Leary and McKimmie also won the best health report.

Photographer Michael Wilson won best news photograph for a portrait of Police Commissioner Karl O'Callaghan at the bedside of his son Russell, who was hospitalised after a methamphetamine laboratory exploded.

Reporter Sean Cowan won the best sports report for his exclusive reports about the betting plunge on the Danny Green-Paul Briggs boxing match that was later declared a sham contest. Cowan and reporter Beatrice Thomas took out the best political story for their revelation of the suicide of a Corruption and Crime Commission target who was due to appear at a public hearing.

Website thewest.com.au's coverage of the Christmas Island asylum seeker tragedy won the prize for best online report. And sub-editor Paul Barry took out the gong for best three headlines.

Seven News won the best TV news story for its coverage of the Kelmscott-Roleystone bushfires and Seven cameraman Trent Nind won best TV camerawork for his exclusive pictures of asylum seekers rioting at Christmas Island.

Rania Spooner, of The Kalgoorlie Miner, won the regional prize for the best three news features outside of Perth.

The West Australian Newspaper Group's safety performance targets for the year were exceeded with a 10 per cent reduction in Lost Time Injury Frequency Rate (LTIFR) achieved for the Group and an 11 per cent reduction for our Production site. The Group and Production LTIFR were at least 55 per cent lower than the latest reported industry benchmarks.

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 its investment in, and support of, the Western Australian community, both in metropolitan and regional WA. Seven West Media (WA) will continue this fine tradition.

In the 2011-2012 financial year, The West Australian Newspaper Group provided approximately $3.5 million in advertising sponsorship to more than 100 organisations. The recipients of this support included business, arts, charitable and sporting bodies, most of whom The West Australian has had longstanding relationships with.

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.

MAGAZINE PUBLISHING

> "DOMINANCE IN KEY CATEGORIES"

Pacific Magazines is the country's most powerful portfolio of magazines.

Pacific Magazines accounts for nearly one in three magazines and almost one in two women's weekly magazines sold in Australia.

The portfolio now reaches 6.7 million Australians aged 14 years and over every month.

Magazine publishing is a key element in driving the development of Seven West Media's group of brands as we develop our broad-based media company that delivers the best content across an array of platforms.

Underpinned by strong, well differentiated brands, Pacific Magazines has delivered a positive performance in a competitive market – with EBIT of $39.8 million on revenues of $287.2 million. EBITDA margin is 17.0 per cent. EBIT margin is 13.9 per cent. The company delivered excellent cost management with a 5.4 per cent decrease in costs to $247.4

million. This focus on cost management will continue. Circulation revenue of $177.7 million is down 1.2 per cent on the 2011-2012 financial year. Confirming the difficult overall advertising market, total advertising revenue of $97.7 million is down 11 per cent on the previous financial year. The company's share of magazine advertising revenue is 27 per cent.

Over the past twelve months, Pacific Magazines has secured the largest circulation share increase of any major Australian magazine publishing company.

The company is acknowledged as publishing Australia's leading portfolio of magazines, occupying the largest per title circulation share of all major publishers. Pacific Magazines' portfolio of 19 measured titles in a market of approximately 130 titles combine to deliver the company an overall 31 per cent share of circulation and a 28 per cent share of readership.

We deliver two of the three highest-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.

The company's flagship title, New Idea, is one of the top two highest-selling weekly magazines in Australia and delivers 1.2 million readers on an average issue.

Better Homes and Gardens is the country's leading integrated media brand across television, magazines, online, radio and live consumer events. Better Homes and Gardens is one of the top two most-read magazines in Australia, securing the largest increase in readership of any magazine over the past three months.

THE COMPANY IS ACKNOWLEDGED AS PUBLISHING AUSTRALIA'S LEADING PORTFOLIO OF MAGAZINES, OCCUPYING THE LARGEST PER TITLE CIRCULATION SHARE OF ALL MAJOR PUBLISHERS.

Who is Australia's leading celebrity weekly magazine. FAMOUS is outpacing the celebrity weekly category and is posting new highs in circulation. FAMOUS combines with Who to deliver a unique position in the celebrity weekly market.

that's life! continues to lead the real life category, while Girlfriend is Australia's most-targeted magazine for teen girls aged 14-17. Total Girl and K-Zone lead the tween category.

marie claire and InStyle, two of the top three highest-selling fashion magazines in Australia, continue to drive the company's market-leading 46 per cent share of circulation in the competitive fashion category.

Men's Health and Women's Health continue to thrive. Men's Health leads the men's lifestyle category with 70 per cent circulation share and over the past 12 months has delivered its highest-ever readership. Women's Health has recorded outstanding growth in readership to 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.

Innovation remains a cornerstone of Pacific Magazines' success. Over the past 12 months, the business has expanded its presence in publishing with Feast, a co-venture with SBS. Feast continues to deliver a strong performance in a competitive category, up in readership over the past quarter. Other successful new launches in the past twelve months include Bump (Women's Health), Coach (Men's Health) and one-shot titles

MAGAZINES ARE KEY TO THE FUTURE OF SEVEN WEST MEDIA. PACIFIC MAGAZINES' PORTFOLIO OF MAGAZINES ACCOUNTS FOR NEARLY ONE IN THREE MAGAZINES SOLD IN AUSTRALIA. EACH MONTH OUR TITLES REACH 6.7 MILLION AUSTRALIANS.

6.7 Million

including Justin Bieber, One Direction and marie claire Beauty.

The company has pioneered the use of print-to-digital content in Australia, as the first mass consumer publisher to utilise new technologies that allow readers to connect to online content, including video and social media using smart phones. Pacific Magazines' custom built app 'Genie' enables the seamless integration of offline and online content and has been embraced by readers and commercial partners alike.

Our ties with the country's leading television network help us create intelligent synergies. Published by Pacific+, the official cookbook from the Channel Seven ratings winner My Kitchen Rules was a newsstand hit. In March, the business announced the launch of two new television programmes, Total Girl and K-Zone. The execution extends the presence of Australia's top-selling tween magazines to a broadcast audience.

Men's Health has expanded its brand presence into mass consumer events, bringing international Urbanathalon – an urban obstacle race – to Australia, with more than 3200 participants competing in the first Sydney event. The Men's Health iPad is recognised as one of the finest in its class and one that allows the brand to bring core editorial pillars – fitness, style and expert advice – to life.

In February, Pacific Magazines launched a world-class business development package 'Nexus', custom-designed to support our newsagent partners. The package offers a range of customer loyalty initiatives that help drive foot traffic, push sales across a variety of categories and deliver strong marketing collateral.

The performance of the group continues to secure local and international acclaim. marie claire secured the highest honour from Publishers Australia securing The Excellence Award for print publishing and digital media leadership. Pacific+ achieved international recognition at the annual Folio Awards in New York City, with an outstanding five awards for editorial and design excellence. Better Homes & Gardens was awarded Magazine of the Year by the Australian Newsagents' Federation.

Our success in publishing is built on our brands, our people and our content. We lead in circulation and readership in key publishing categories and we are committed to continuing growth and increasing our market presence.

Sources: Readership figures are according to Roy Morgan Single Source Australia, July 2011 – June 2012; Circulation extrapolated from ABC audit data, June 2012 (Average Net Paid Print Sales); Advertising share figures are based on SMI data, July 2011 – June 2012.

DIGITAL MEDIA

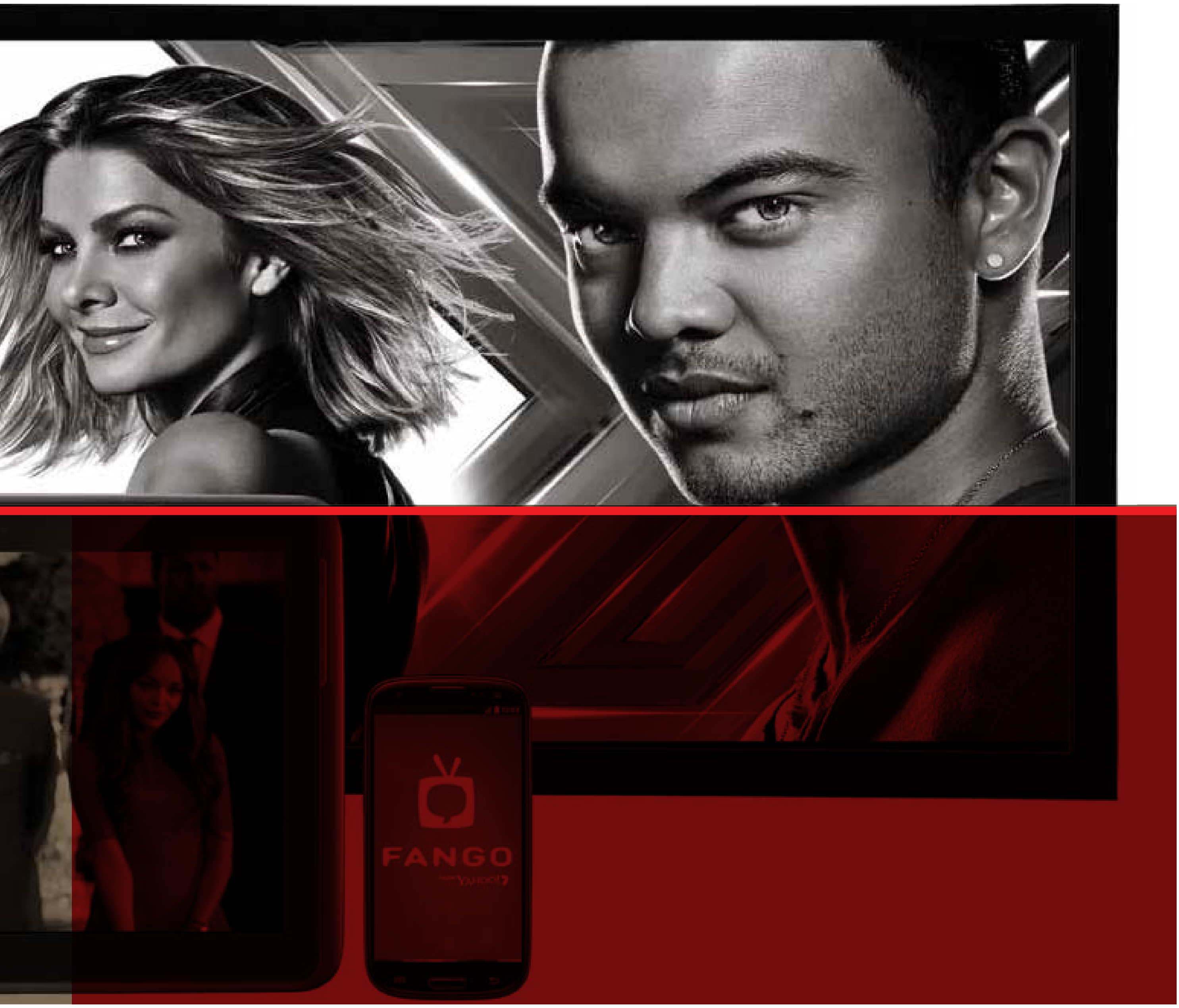
Digital television and new communications technologies are changing the way all of us watch television and engage with content.

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

Our plans for development are based on strengthening and expanding our leadership in content creation and distribution to new delivery platforms. Our future development focuses on multi-channelling on broadcast television and broadening our connection with Australians through evolving communications platforms and delivery mechanisms. 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.



The 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, a global internet network and the content creation and marketing strengths of Seven West Media.

Yahoo!7 continues its strong momentum, delivering 26.7 per cent growth in revenue, 20 per cent growth in EBITDA to $45.4 million and 14.7 per cent growth in EBIT to $36.6 million for the 2012 financial year.

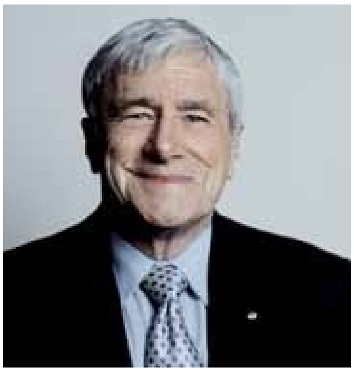
Yahoo!7 has continued its strong growth in audience with 8.8 million Australians visiting the site each month (as at June 2012). User engagement continues to grow with more than one billion page views a month. Mobile audiences have grown over 200 per cent in the past year to more than 4.4 million users. Yahoo!7 is continuing its development of connected experiences across multiple devices across web, tablet and mobile including the Seven News app, with more than 550,000 downloads and Social TV app FANGO exceeding 540,000 downloads, and growing.

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. The PLUS7 audience has grown to one million active users.

Yahoo!7 remains a market leader in online targeting technology with the launch of new targeting products over the past year including Yahoo!7 Data Sciences, a suite of targeting products that allow advertisers to combine their data with Yahoo!7's data to more accurately target their audiences online. In addition to this, the focus on building transactional and lead generation businesses, such as Spreets and Moneyhound, has started to enhance the depth and value of data available to enhance advertising offerings.

The strength of Yahoo!7 and our developments with PLUS7 and FANGO underline our future. It is a future that 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.

BOARD OF DIRECTORS



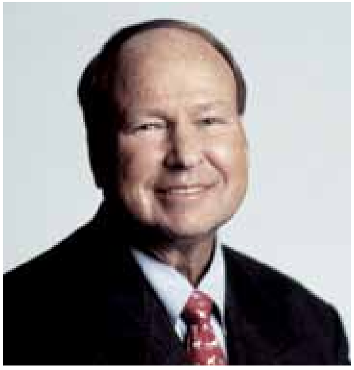
Kerry Stokes AC

Mr Stokes is the Executive Chairman of Seven Group Holdings Limited, a company with a market-leading presence in media in Australia and the resources services sector in Australia and China. He is also 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 the International Council for Museum & Television; Council Member for the Australian War Memorial; and a former Chairman of the National Gallery of Australia. Mr Stokes holds professional recognitions which include an Honorary Doctorate in Commerce at Edith Cowan University and an Honorary Fellow of Murdoch University.

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

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).



Don Voelte

Mr Voelte was appointed to the position of Managing Director and Chief Executive Officer of Seven West Media Limited on 26 June 2012. Mr Voelte has been a director of Seven West Media Limited, and prior to the formation of Seven West Media Limited, West Australian Newspapers Holdings Limited since December 2008.

Mr Voelte 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 & Metrology Research Centre for Mr Voelte and his wife Nancy. He has a degree in Civil Engineering, from the University of Nebraska.

Michelle Deaker

Dr Michelle Deaker is the Managing Partner of OneVentures, an Australian venture capital firm investing in, and building, through business operational leadership, innovative high growth technology companies servicing large global markets. Dr Deaker moved into venture capital post the successful exit of the e-commerce technology company she founded in 1998, E Com Industries (www.giftvouchers.com). At exit, E Com managed $700 million in Australian retail liability. Dr Deaker is a director of NICTA, Australia's National ICT Centre of Excellence, and is a member of the NSW Government's Taskforce for the Digital Economy.

David Evans

Mr David Evans is the founder and Executive Chairman and Managing Partner of investment advisory company Evans and Partners Pty Ltd. Mr Evans has extensive experience in investment banking and stockbroking, including being a member of the Board of Directors and Managing Director of Goldman Sachs JBWere. In addition to his role as Executive Chairman and Managing Partner of Evans and Partners, Mr Evans is a board member of Export Finance and Insurance Corporation. He is also Chairman of Essendon Football Club.

Doug Flynn

Mr Flynn 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 July 2012 Mr Flynn joined the Board of Konekt Limited, as Chairman. Konekt Limited is the largest private sector provider of workplace health and risk management solutions.

Mr Flynn is a former Director of Qin Jia Yuan Media Services Ltd, the leading private television company in China.

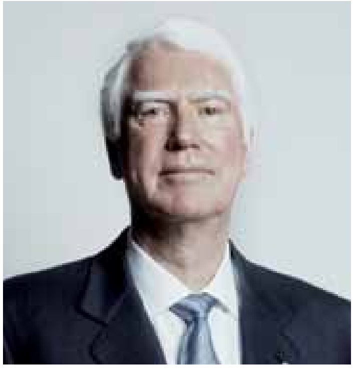
Peter Gammell

Mr Gammell is the Deputy Chairman of Australian Capital Equity Pty Ltd, the holding company associated with Mr Kerry Stokes AC, and is the Chief Executive Officer of Seven Group Holdings Limited.

Prior to the formation of Seven West Media Limited, Mr Gammell served as a Director of Seven Network Limited for 14 years. He was Chairman of the Seven Network Limited Finance Committee and was a member of the Audit Committee. He 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

Mr John 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 and Racing Victoria.

Mr John's former positions include AFL Commissioner, Trustee of the Melbourne Cricket Ground, 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.

Justin Reizes

Justin Reizes 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 Asia, 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.

Ryan Stokes

Mr Ryan Stokes is CEO of Australian Capital Equity (ACE) and Chief Operating Officer of Seven Group Holdings (SVW). Mr Stokes was appointed a director of ACE in 2001 and CEO in 2010. He was appointed COO of Seven Group Holdings in 2012.

Mr Stokes is Director of SWM, Consolidated Media Holdings (CMJ), Yahoo!7, WesTrac and Iron Ore Holdings (IOH).

In July 2012, Mr Stokes was appointed Chairman of the National Library of Australia. He is a Council Member of the Australian Strategic Policy Institute. He is a Board member of the Perth International Arts Festival, the Victor Chang Cardiac Research Institute, and the Australian Institute of Management, WA.

Sam Walsh AO

Mr Walsh is the chief executive of Rio Tinto's Iron Ore group, and of Rio Tinto Australia.

He is an executive director on the boards of Rio Tinto plc and Rio Tinto Limited.

Prior to joining Rio Tinto, Mr Walsh worked in the automotive industry for more than 20 years in Australia and the USA.

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

Mr Bryant 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

FOR THE YEAR ENDED 30 JUNE 2012

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 six non-executive directors, including the chairman, and one executive director. The Board consists of an equal number of independent and non-independent non-executive 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.

The Board is aware of the ASX Corporate Governance Principles and recommendations, specifically recommendation 2.1, which states, a majority of the Board should be independent directors. To this end, the Board is actively searching for appropriately qualified and experienced individuals to join the Board as non-executive directors.

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 30 June 2012, 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) *(resigned 26 June 2012)*
- KM Stokes AC
- GT John AO
- JC Reizes

Corporate Governance

FOR THE YEAR ENDED 30 JUNE 2012

Following Mr Voelte's resignation, the chairman has been elected by the members at the commencement of each meeting. The committee is in the final stages of selecting and appointing a chairman.

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 insurance policies. External advice is sought directly by the committee, 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 26 and 31 to the financial statements.

The composition of the Board is 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 managing director and chief executive officer 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.

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 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.

Corporate Governance

FOR THE YEAR ENDED 30 JUNE 2012

Business risks

The Board has adopted a risk management policy that complies with Australian Standard ISO 31000:2009 and ASX Principles of Good Corporate Governance Principal 7. Under the policy, detailed risk reviews are performed every six months. The criteria of the reviews, together with a comprehensive list of all risks considered very high and high, and the risk management strategy, are reported to the audit & risk committee.

The risk reviews include senior executives with group wide responsibilities under the management of the company secretary. External advice is sought as appropriate.

Once a major risk is identified, an action plan is established. 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.

Trading in company shares by directors and employees

The Company has adopted a Share Trading Policy* which establishes the governing principles for trading in company shares by directors and key management personnel.

Directors and key management personnel may acquire shares in the company within the guidelines set in the policy.

The policy includes specified black out periods within which shares cannot be traded, except as outlined in the policy, and raises awareness of the insider trading laws.

In addition to the policy, individual directors are required to sign a disclosure of interest's agreement upon their appointment to the Board. This document specifically directs to advise the company secretary of all transactions in the company's shares.

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.

Diversity policy

The Board recognises the benefits of a workplace culture that is inclusive and respectful of diversity. In order to support the culture, the Board has adopted a Diversity Policy that sets out the Board's commitment to working towards achieving an inclusive and respectful environment. A copy of the Diversity Policy is available on the Company's website.

Corporate Governance

FOR THE YEAR ENDED 30 JUNE 2012

Diversity within the Seven West Media Group is focused on age, gender and cultural background. Diversity initiatives are in four key areas, and the Board has set measurable objectives in relation to each:

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

Measurable objectives

Measurable objective	Link to Diversity Policy: CDP	FWP	GD	TSP	Section of report containing further detail	Assessment of progress
Report on initiatives that facilitate diversity and promote growth for the Company, and for all employees	•	•	•		3.3.1	✓
Annual succession planning to consider diversity initiatives				•	3.3.1	✓
Determine and report on employee turnover by age and gender and parental leave return rates			•	•	3.3.2	✓
Determine and report on the proportion of women in the Company, in senior executive positions, and on the Board			•		3.4	✓

Unless otherwise stated, for the purpose of this section of the report employee numbers and statistics have been calculated based employees who were paid in the final pay periods of June 2012. "Senior executive positions" refer to senior management positions which are levels one and two below the Managing Director and Chief Executive Officer.

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

Seven West Media Group continues to develop flexible work practices that assist employees to balance work with family, carer or other responsibilities.

In 2012, our annual succession planning presentations included a focus on diversity initiatives within the teams.

An executive mentoring program has been introduced to key women in the television news business and will be rolled out to the television group in the 2013 financial year.

Employee turnover and parental leave return statistics

Employee turnover by Gender (as a percentage of total men and as a percentage of total women) and Employee Turnover by Age (as a percentage of total turnover)

	Women	Men	< 25 years	25 years – 34 years	35 years – 44 years	45 years – 54 years	> 55 years
Total	20%	9%	24%	43%	18%	8%	7%

The percentage of employees who returned from parental leave during 2012 (as a percentage of the total number of employees whose parental leave entitlement ended during 2012) was 73%.

Proportion of women

Group	Number of women	Total number of employees/officers	Proportion of women
In the Company	2556	4805	53%
Key Management Personnel executives (as set out on page 46 of the Remuneration Report)	0	9	0%
In senior executive positions	17	60	28%
On the Board	0	8	0%

Corporate Governance

FOR THE YEAR ENDED 30 JUNE 2012

Corporate Governance Principles and Recommendations (2nd Edition)

The Company has adopted the Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition).

The extent to which the Company has followed the recommendations of the Corporate Governance Principles and Recommendations with 2010 Amendments (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 senior executives and non-executive directors is documented within the annual report. The performance evaluation process is carried out annually and forms part of the determination of appropriate performance bonus payments.

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

2. Structure the Board to add value

The Board currently comprises an equal number of independent and non-independent directors. The Board is aware of the ASX Corporate Governance Principles and recommendations, specifically recommendation 2.1, which states, a majority of the Board should be independent directors. To this end, the Board is actively searching for appropriately qualified and experienced individuals to join the Board as non-executive directors.

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, has adopted a diversity policy and reported against objects of that policy.

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. The date at which each director was appointed to the Board is provided in the Directors' report.

The Board undertakes reviews of its own performance, with external advice, as appropriate. A performance review has not been performed during the current year.

3. Promote ethical and responsible decision making

The Board has adopted a code of conduct for directors and employees* and has implemented a number of policies and procedures to promote ethical and responsible decision making. These policies include :

- Continuous disclosure policy*
- Shareholder communication policy*
- Share trading policy*
- Group editorial policy*
- Issues escalation policy (internal policy document)

Corporate Governance

FOR THE YEAR ENDED 30 JUNE 2012

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.

The Board requires the managing director and chief executive officer and the 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 and in accordance with section 295A of the Corporations Act.

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.

Under the risk management policy, formal risk reviews are performed semi-annually with external experts engaged, as appropriate. The result of the risk reviews are communicated to the audit and risk committee.

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

FOR THE YEAR ENDED 30 JUNE 2012

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 30 June 2012.

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 Voelte – Managing Director and Chief Executive Officer (from 26 June 2012)
- DR Flynn
- DJ Leckie (resigned 26 June 2012, with the contract covering his engagement in this position expiring 30 June 2012)
- PJT Gammell
- GT John AO
- JC Reizes
- SMC Walsh AO
- PJ Bryant – Company Secretary

RK Stokes, BI McWilliam and EJM Bostock are alternate directors to KM Stokes AC, PJT Gammell and JC Reizes respectively. Mr EJM Bostock was appointed as an alternate director on 23 August 2011. Alternate directors do not receive any remuneration.

Principal activities

The principal continuing activities of the Group are 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:

	2012 $'000	2011 $'000
Final ordinary dividend for the year ended 25 June 2011 of 26 cents (2010 - 26 cents) per share paid on 14 October 2011	158,389	55,804
Interim ordinary dividend for the year ended 30 June 2012 of 19 cents (2011 - 19 cents) per share paid on 2 April 2012	122,490	41,503
	280,879	97,307

In addition to the above dividends, since the end of the 2012 financial year the directors have declared the payment of a final ordinary dividend of 6 cents per share, to be paid on 12 October 2012.

Review of operations

A summary of consolidated results is set out below:

	2012 $'000	2011 $'000
Profit before income tax	325,183	173,530
Income tax expense	(98,294)	(58,408)
Profit attributable to ordinary equity holders of Seven West Media Limited	226,889	115,122
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 Newspapers 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.

Directors' Report

A review of operations of the Group is given on pages 8 to 21.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group that have occurred during the financial year.

Matters subsequent to the end of the financial year

On 16 July 2012, Seven West Media Limited announced a fully underwritten 1-for-2 accelerated renounceable entitlement offer of new Seven West Media Limited shares to raise approximately $440 million. Approximately 333 million shares were issued at a price of $1.32. The net proceeds after costs of approximately $433 million, together with existing funds were used to repay debt. The total amount of debt repaid was $441.5 million.

Except for the above, there are no other matters or circumstances which have arisen since 30 June 2012 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.

Business strategies and prospects for future financial years

In the opinion of the directors it would prejudice the Company's interests if any further information on business strategies and prospects for future financial years was 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 continues to develop systems for monitoring and recording energy use from its sites.

The Company is assessing the Group as part of its compliance with the National Greenhouse and Energy Reporting Act and will be reporting relevant emissions and energy usage for the Group for the financial year.

There are no other particular environmental regulations for the Group.

Meetings of directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2012, and the numbers of meetings attended by each director were:

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2012

	Meetings of Directors		Audit and Risk		Remuneration and Nomination	
	(a)	(b)	(a)	(b)	(a)	(b)
Directors						
KM Stokes AC	8	8	–	–	7	7
DR Flynn	8	8	6	6	–	–
PJT Gammell	8	8	5	6	–	–
GT John AO	7	8	–	–	5	7
DJ Leckie	6	8	–	–	–	–
JC Reizes	7	8	–	–	7	7
DR Voelte	8	8	–	–	7	7
SMC Walsh AO	8	8	6	6	–	–
Alternate directors						
EJM Bostock	–	8	–	–	–	–
BI McWilliam	8	8	–	–	–	–
RK Stokes	8	8	–	–	–	–

(a) Number of meetings attended.

(b) Number of meetings held.

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	331,829,178
DR Flynn	-	58,329
PJT Gammell	-	167,160
GT John AO	-	71,598
DJ Leckie	-	1,126,879
JC Reizes	-	50,652
DR Voelte	-	63,693
SMC Walsh AO	-	117,701

Remuneration Report

Message from the Board

Executive remuneration review

Following West Australian Newspapers' acquisition of Seven Media Group to create Seven West Media, the Board of Seven West Media has undertaken a comprehensive review of executive remuneration, in particular examining remuneration structures that align with the company's business strategies and reflect economic and market conditions.

The revisions to executive remuneration structures represent a necessary step towards the integration and consolidation of our remuneration practices.

The changes are designed to drive and support our business strategy, and enhance the alignment between executive remuneration outcomes and shareholder interests.

The Remuneration and Nomination Committee (the "Committee") has developed the proposed remuneration structure revisions and implemented certain transitional arrangements in FY12, with the intention of aligning and full integration in FY13.

In FY12 we have implemented a new short-term incentive ("STI") for executives in the television and magazines businesses, and in FY13 we are working towards integrating the newspaper business into the new STI structure. In addition, the design of an integrated long-term incentive ("LTI") plan for all executives has been finalised and the initial grant is to be made in the new financial year.

A new short-term incentive plan for executives in the television and magazines businesses in FY12

Details of the new television and magazines STI plan are set out in Section A of the Remuneration Report. Key changes include:

- Consideration of TV and magazine EBIT in determining the size of the pool available for distribution;
- Individual allocation based on performance against individual key performance indicators ("KPI"), with an individual performance 'gateway'; i.e., no STI payment is made if a minimum performance rating is not achieved;
- Introduction of deferral of a portion of the award for the most senior executives into share rights once the 'on target' bonus is met, with the share rights vesting over a period of three years from the end of the STI performance period;
- Subject to the pool available, discretionary adjustments to the overall "on target" STI award (based on executives' individual performance ratings) are limited to a 25% increase in the overall award, representing a maximum STI opportunity for significant out-performance.

An integrated long-term incentive plan commencing FY13

The new LTI plan, outlined in Section A of this Remuneration Report, encourages sustained long-term performance and enhances the alignment between executive remuneration outcomes and shareholders' interests. For FY13, the LTI plan will provide grants of performance rights to executives (i.e., the right to receive shares if performance hurdles are met at the end of the performance period). The performance hurdles that determine the extent to which performance rights vest will be Diluted Earnings per Share ("DEPS") growth targets and relative Total Shareholder Return ("TSR") performance over three years against a pre-determined group of peer companies. The new LTI plan will not permit re-testing (i.e. if threshold targets are not met at the end of the performance period, the performance rights will lapse).

In addition, we welcome the appointment of the new Managing Director and Chief Executive Officer (MD & CEO), Don Voelte, on 26 June 2012. Remuneration arrangements for the incoming MD and CEO are outlined in Section A of this Remuneration Report.

Further details on the new executive remuneration arrangements and the remuneration for FY12 are set out in this Remuneration Report. I invite you to read the FY12 Remuneration Report and look forward to answering any questions you may have at our Annual General Meeting.

Yours faithfully

Don Voelte
Chairman of the Remuneration and Nomination Committee (resigned as Chairman 25th June 2012)

Remuneration Report

Introduction

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

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

This report provides remuneration details in the comparative period of 2011 that includes KMP employed by West Australian Newspapers (WAN) for the period 1 July 2010 to 11 April 2011 and KMP of the enlarged Seven Media Group for the period 12 April 2011 to 25 June 2011. The remuneration details for executives in the 2012 period relate to KMP of Seven West Media for the full year.

Following the acquisition of Seven Media Group by West Australian Newspapers to create Seven West Media in April 2011, the Committee has spent considerable time in FY12 working on the integration of the remuneration structures for Seven West Media executives transitioning from legacy arrangements at Seven Media Group and West Australian Newspapers. Transition to the new structures commenced in FY12 and FY13 will see further alignment.

This report details equity awards and plans for executives for 2011 performance. They relate to legacy arrangements that were in place at that time. Share rights that were issued in March 2012 relate to 2011 performance. No share or equity based awards were made to executives in relation to 2012 performance.

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

- To recommend to the Board the remuneration of NEDs, within the aggregate approved by shareholders;
- To recommend to the Board the remuneration and other conditions of service of the group chief executive officer;
- To approve the remuneration and other conditions of service for senior executives reporting to the group chief executive officer, based on the recommendations of the group 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. Remuneration strategy and policy
  - Non-executive director remuneration framework
  - Executive remuneration framework
    - o Short-term incentive plans
    - o Long-term incentive plans

B. Remuneration in detail

C. Service agreements

D. Legacy share-based compensation plans

E. Services from remuneration consultants

A. Remuneration strategy and policy

Non-executive director remuneration framework

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

The aggregate of payments each year to NEDs must be no more than the amount approved by shareholders in general meeting. The current aggregate is $1,500,000, which was approved at the 2010 AGM held on 18 November 2010.

NED fees were increased on 1 July 2011. The fees for the year to 30 June 2012 were $135,000 per annum for non-executive directors and $335,000 per annum to the chairman. Due to the temporary restrictions on the chairman's share ownership, brought about by the acquisition of Seven Media Group by West Australian Newspapers, a proportion of his fees were unable to be paid. In addition, a fee of $26,000 per annum is paid to the chairman of the audit and risk committee and $20,000 is paid to the chairman of the Remuneration and Nomination Committee. Members of the Audit and Risk Committee receive an additional fee of $14,000

Remuneration Report

per annum and members of the Remuneration and Nomination Committee receive an additional fee of $10,000 per annum. The Company's statutory superannuation contributions are included in these amounts.

In FY11, NED fees were $120,000 per annum for non-executive directors and $300,000 per annum for the chairman. We note that an additional fee of $150,000 was paid to Mr Doug Flynn in 2011 as chairman of the independent directors committee which was established in relation to the acquisition of Seven Media Group.

In order to more closely align the interests of the NEDs 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 NED retires or a specified event occurs.

Executive remuneration framework

We note remuneration arrangements for the Managing Director and Chief Executive Officer detailed in this report relate to Mr David Leckie who was Managing Director and Chief Executive Officer from 12 April 2011 until 26 June 2012, with the contract covering his engagement in this position expiring 30 June 2012.

Remuneration arrangements for the incoming Managing Director and Chief Executive Officer, Mr Don Voelte, are detailed on page 44. All references to the remuneration arrangements for executives in FY12 relate to all executives excluding Mr Voelte whose separate remuneration arrangements are outlined on page 44.

Fixed remuneration

Fixed remuneration is determined by the Committee and recommended to the Board for approval with reference to relevant market comparators. Fixed remuneration includes base pay (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles) as well as employer contributions to superannuation funds.

Variable remuneration FY12

As the Company moves towards integrating remuneration structures, variable remuneration components in FY12 represented transitional arrangements. The table below outlines the variable remuneration outcomes for each executive in FY12, with further details around each of these arrangements described in the sections below.

			Equity grants in relation to schemes in legacy SMG and WAN plans place prior to the Seven Media Group transaction	
Executive	% of on target FY12 STI paid in cash	% of on target FY12 STI forfeited	Portion of FY12 STI deferred in shares (SMG)	FY12 LTI (WAN)
Managing Director and Chief Executive Officer – David Leckie	0%	100%	0	NA
Chief Executive Officer WA – Chris Wharton	22.4%	77.6%	NA	0
Company Secretary & Chief Financial Officer WA – Peter Bryant	26.3%	73.7%	NA	NA
Chief Sales and Digital Officer – Kurt Burnette	47.6%	52.4%	0	NA
Chief Executive Officer Pacific Magazines – Nick Chan	22.7%	77.3%	0	NA
Group Chief Financial Officer – Peter Lewis	12.8%	87.2%	0	NA
Commercial Director – Bruce McWilliam	12.7%	87.3%	0	NA
Chief Executive Officer Broadcast Television – Tim Worner	22.9%	77.1%	0	NA

Share rights that were issued in March 2012 to Mr Leckie and Mr Worner and in August 2011 to Mr Wharton relate to 2011 performance. No share or equity based awards were made to executives in relation to 2012 performance.

The remuneration tables in section B contain a comparison to FY11 bonus payments. A summary of the variable bonus scheme that applied in FY11 to executives at Seven Media Group is shown on page 47. The variable remuneration scheme for WAN executives in FY11 is the same in FY12.

From FY13, all executives in the television, magazine and newspaper businesses will move to the same STI and LTI plans, as outlined further below.

Remuneration Report

Under the Seven West Media Equity Plan Rules, executives that are granted share based payments as part of their remuneration are prohibited from entering into other arrangements that limit their exposure to losses that would result from share price decreases.

Short-term incentive (STI) plans

The STI plans are designed to reward executives for the achievement of pre-determined, individual and company KPIs over the relevant 12-month performance period which is aligned to and supportive of the Company's annual objectives for each financial year. During the FY12 transitional year, two STI plans were in place:

- FY12 TV and magazine short-term incentive plan; and
- FY12 newspapers short-term incentive plan.

FY12 TV and Magazines short-term incentive plan

In FY12 the Board invited executives from the television and magazines businesses to participate in a new STI plan. The STI plan provides participants with the opportunity to earn an annual cash incentive, based on the achievement of company and individual KPIs over the relevant 12-month performance period. To support an ownership culture and drive retention outcomes, for senior executives a percentage of the STI award is deferred for three years (please refer to the 'STI deferral' section on the following page).

The following diagram provides an overview of the STI plan.

STI pool

The size of the STI pool available for distribution is based on the achievement of business-unit EBIT budgets set by the Committee at the start of the financial year. Where business-unit EBIT budgets are not met and no STI pool is accrued, the Committee will have the flexibility to consider other factors that may be relevant to determine the level of potential payment for participants.

STI opportunity

Each participant's total STI opportunity for on-target performance is set out in the table below, expressed as a percentage of fixed remuneration.

	Target STI opportunity (as a percentage of fixed remuneration)
	Total STI
Managing Director & Chief Executive Officer	75%
Other Group, TV and Magazine executives	25-50%

Once the executive meets their on target STI opportunity, fifty per cent of their award is deferred into shares rights with a minimum deferral amount of $30,000. Further details on the share rights deferral are set out on the following page.

"Gateway" measure

Prior to the determination of performance levels against targets, in addition to the financial targets that must be achieved for an STI pool to be available, a minimum individual performance rating "gateway" must be satisfied before any STI payment can be made. Participants are required to achieve a "Successful performance" rating for the financial year to be eligible for any STI payment.

Key performance indicators

Prior to the start of each performance year, participants will have individual KPIs set, at target and stretch levels. The CEO's KPIs are approved by the Board, and the executives' KPIs are approved by the Committee.

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

Remuneration Report

Participant	Scorecard measures and weightings
Managing Director and Chief Executive Officer	Individual scorecard measures are grouped into two categories – quantitative and qualitative measures. Individual measures include: • group and divisional EBIT performance, • performance against various budget measures, • leadership and executive development, • ratings performance for the television business in key demographics, • relevant circulation performance and market share for the publishing businesses, • revenue and advertising share performance, • cost management across the group, • company representation. Each individual measure is allocated a specific weighting such that the sum of the collective measures' weightings equals the relevant percentage of the participant's STI opportunity. For the Group CEO & MD, 65% of his STI goals relate to budget, cost and EBIT measures.
Other TV and Magazine executives	Individual scorecard measures are grouped into two categories – quantitative and qualitative measures. Individual measures include: • divisional EBIT performance, • performance against various budget measures, • leadership and staff development, • ratings performance for television executives in key demographics, • performance for launch of new shows in the television business, • circulation performance and market share for the magazine executives, • revenue and advertising share performance, • cost management and delivery of cost targets. Each individual measure is allocated a specific weighting such that the sum of the collective measures' weightings equals the relevant percentage of the participant's STI opportunity.

Performance measurement

The Managing Director and Chief Executive Officer assesses each executive's performance at the end of the financial year relative to agreed business and individual targets. Based on this assessment, the Managing Director and Chief Executive Officer makes a recommendation to the Committee for approval. The Committee assesses the Managing Director and Chief Executive Officer performance and makes a recommendation to the Board for approval.

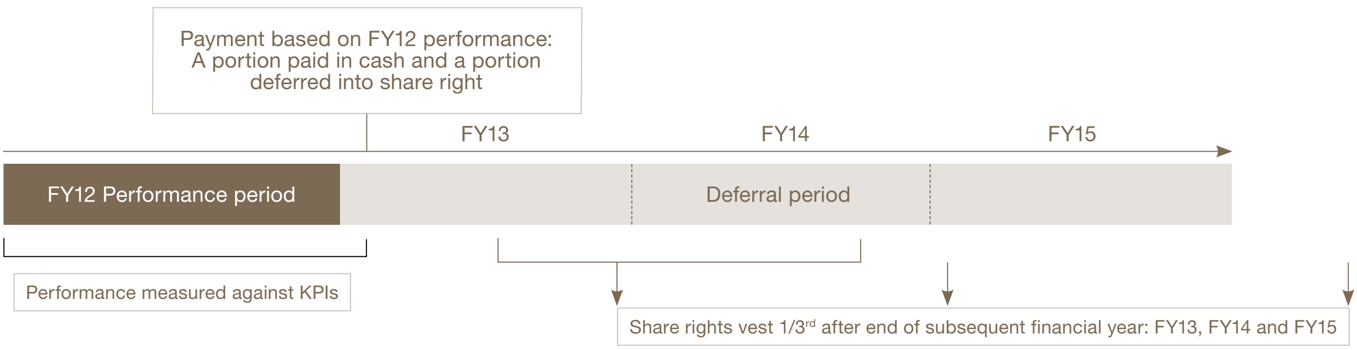
Based on each executive's individual performance rating, the Managing Director and Chief Executive Officer may apply a discretionary adjustment during the performance assessment process. Discretionary adjustments are applicable to the overall STI award and are limited to a 25% increase to the overall award. The level of discretionary adjustment applied is based on the executive's individual performance rating and represents the maximum award opportunity for material out-performance.

The Committee may apply an additional discretionary adjustment based on the Managing Director and Chief Executive Officer individual performance rating that is limited to the same parameters as for other executives.

STI deferral

To enhance long-term focus, once the executive meets their on target STI opportunity, fifty per cent of their award is deferred into shares rights with a minimum deferral amount of $30,000. The deferred portion of STI is not subject to further performance conditions (other than continuous employment such that if the executive's employment is terminated they do not receive the portion of the unvested deferred share rights). The share rights vest in three equal tranches, over a period of three years. Executives will not have any entitlements to dividends until the share rights have vested.

The following diagram is based on the current (FY12) performance period where a portion of the STI may be deferred into share rights once the awards amount reaches the on target performance threshold. This threshold level was not met by any executives in FY12 and therefore no deferred share rights were granted.



Remuneration Report

FY11 Bonus scheme for executives – Seven West Media Limited

In FY11, television and magazine executives were eligible for performance linked remuneration under the Seven Media Group Performance Management Plan (SMG PMP).

Under the SMG PMP, an "on-target" assessment shall result in performance-linked remuneration of 50% of the fixed salary package of executives (for the Managing Director and Chief Executive Officer this was 75%), comprising a cash incentive which may be subject to vesting restrictions. Personal goals are assessed and weighted against specified criteria, including business and group EBIT, ratings performance, sales budgets, revenue share, budgets, circulation and leadership. There is an ability to uplift awards in cases of exceptional performance. Where the group EBIT target is met, this award may be granted to executives in the form of share rights that vest over three years with the hurdle being that the executive remains employed by the company. The cash incentive shall not be provided in circumstances where individual performance is unsatisfactory.

FY12 Newspapers short-term incentive plan

In FY12 the Board invited the Chief Executive Officer West Australia ("CEO WA") and the Company Secretary and Chief Financial Officer West Australia (Company Secretary and CFO WA) to participate in the newspapers STI plan. The STI plan provides participants with the opportunity to earn an annual cash incentive, based on the achievement of pre-determined targets set by the Committee. The structure of the FY12 newspapers STI plan is the same as it was in FY11.

STI opportunity

Each participant's STI opportunity for on-target performance and maximum award opportunity for out-performance is set out in the table below, expressed as a percentage of fixed remuneration.

	STI opportunity (as a percentage of fixed remuneration)	
	Target STI opportunity	Maximum STI opportunity
CEO WA	25% (2011: 25%)	50% (2011: 50%)
Company Secretary & CFO WA	25% (2011: 11%)	50% (2011: 41%)

Key performance indicators

Prior to the start of each performance year, participants will have business and individual KPIs set, at target and stretch levels. KPIs are set by the Committee and comprise both qualitative and quantitative measures and are set out in the table below.

Participant	Scorecard measures and weightings
CEO WA	Individual scorecard measures are grouped into two categories – quantitative and qualitative measures. Individual measures include: • divisional EBIT performance, • performance against various budget measures, including circulation and cost management, • performance against OHS targets, • leadership and development, • brand, reputation and community development and support.
Company Secretary & CFO WA	Individual scorecard measures are grouped into two categories – quantitative and qualitative measures. Individual measures include: • divisional EBIT performance, • performance against OHS targets, • leadership and development, • brand, reputation and community development and support, • compliance with ASX and other statutory obligations.

Performance measurement

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

From FY13, all executives will move to the same STI structure, based on the FY12 television and magazines STI.

Long-term incentive (LTI) plans

The LTI plans are principally designed to reward executives for contribution to long-term value to the Company and its shareholders. There was no LTI plan for television and magazine executives in FY12. Details of the newspaper LTI plan for FY12 are set out below. This applies to the CEO of WA and no awards were made under this plan in FY12 due to business performance during the period.

During FY12, the Board has approved the key terms of the FY13 LTI plan. All executives will be transitioned onto this plan for FY13.

Remuneration Report

Further details of the plans are outlined in the sections below.

LTI plan – CEO WA

Following is an outline of the LTI plan that applies to the CEO of WA. The maximum LTI opportunity for the CEO WA under the WAN LTI plan in FY12 is 75% of fixed remuneration. The WA LTI plan includes the same conditions that applied to Mr Wharton under the WAN LTI plan in FY11. The key features of the plan are set out in the table below. No grant was made under the LTI plan in FY12 due to business performance during the period. On 12 August 2011 the Board on the recommendation of the remuneration and nomination committee approved the granting of 69,986 share rights to Mr Wharton, in respect of the 2011 year, which will vest in accordance with the TRS hurdles outlined below.

FY11and FY12 long-term incentive plan

What is granted?	The grant was made in the form of performance rights. The performance rights are granted at no cost and each right entitles the participant to a number of ordinary shares in the company as outlined below, subject to the achievement of the performance hurdles outlined below.
How many performance rights are granted?	The number of performance rights to be granted is calculated based on Earnings per Share ("EPS") growth for the last financial year. The number of performance rights granted is calculated based on the following schedule:

EPS growth for the year	Percentage of fixed remuneration used to allocate the number of performance rights
EPS growth equal to Consumer Price Index ("CPI") + 6%	25%
EPS growth between CPI + 6% and CPI + 8%	Between 25% and 50%, increasing on a straight-line basis
EPS growth equal to CPI + 8%	50%

What is the performance hurdle?	Once performance rights are granted, TSR will be applied to determine the number of performance rights that ultimately vest.
How is TSR performance measured?	The TSR of the Company is measured as a percentile ranking compared to a comparator group of companies over the performance period (from grant date to test date). Awards vest based on the ranking against companies in the comparator group, based on the following schedule:

Company's TSR ranking in the comparator group	Proportion of performance rights vesting
Below the 50th percentile	Nil
At the 50th percentile	50%
Between the 50th and 75th percentiles	Between 50% and 100%, increasing on a straight-line basis
At the 75th percentile	100%
Between the 75th and 100th percentiles	Between 100% and 150%, increasing on a straight-line basis
At the 100th percentile	150%

Why were these performance hurdles chosen?	EPS provides a direct link between executive reward with the creation of wealth driven through the increase of earnings per share received by shareholders, whilst TSR provides a direct link between executive remuneration outcomes and shareholder return over the long-term.
When will performance be tested?	There are three test dates for the performance rights, being 3, 4 and 5 years after the date of grant.
Do the performance rights carry dividend or voting rights?	Performance rights do not carry any dividend or voting rights.
What happens in the event of a change in control?	In the event of a change of control of the Company unvested performance rights may vest to the extent the performance hurdles are considered to have been achieved to the date of the transaction. The Board will have discretion to determine whether any additional vesting should occur.
What happens if the participant ceases employment?	If the participant ceases employment before the end of the performance period by reason of death, disablement, retirement, redundancy or for any other reason approved by the Board, unvested awards remain on-foot, subject to original performance hurdles, although the Board may determine that awards should be forfeited. If the participant ceases employment before the end of the performance period by reasons other than outlined above, unvested awards will lapse.
Are there any disposal restrictions once the performance rights vest?	There are no disposal restrictions once the performance rights vest.

Remuneration Report

FY12 equity grant – television and magazines executives

Subsequent to the conclusion of the FY11 transitional year, the Board approved grants of deferred share rights, in lieu of an FY11 LTI grant to Mr Leckie and Mr Worner. The grant of share rights was provided for selected former Seven Media Group executives during their transitioning onto the Seven West Media television and magazines arrangements. The grant of equity was consistent with the terms provided under the former Seven Media Group PMP award. The equity component provided executives the opportunity to acquire deferred share rights based on the Seven Media Group EBIT performance for the prior financial year (i.e., FY11).

No equity grants were made to any television and magazine executives with respect to FY12 bonus opportunities due to business performance during the period.

Award opportunity and performance measurement

Each participant's on-target opportunity is set out in the table below, expressed as a percentage of fixed remuneration.

	Target award opportunity (as a percentage of fixed remuneration)
	FY11 and FY12
Managing Director and Chief Executive Officer	35%
Other KMP TV and Magazines executives	25%

The size of the award granted was dependent on Seven Media Group's EBIT performance in FY11. EBIT provided an overall assessment of Seven Media Group's financial performance throughout the year and ensured that executive remuneration outcomes were aligned to Seven Media Group's financial outcomes.

Deferred share rights are not subject to additional performance hurdles following grant, other than continuous employment, and vest in three equal tranches, over three years, such that:

- one-third will vest on 1 October 2012 (Tranche 1);
- one-third will vest on 1 October 2013 (Tranche 2); and
- one-third will vest on 1 October 2014 (Tranche 3).

Cessation of employment

If the executive ceases employment with the Company due to termination for cause, gross misconduct, or any other reason determined by the Board (which will normally include resignation), then unless the Board determines otherwise all share rights held by the executive are forfeited. If the executive ceases employment in any other circumstances, the unvested share rights do not vest or lapse but will continue 'on foot' with the rules of the plan continuing to apply.

Change of control

In the event of a change of control of Seven West Media Limited, the executive will receive a pro-rata incentive payment based on the achievement of pro-rata performance targets. The Board, as it exists immediately prior to a change in control, may, at its absolute discretion, determine that any additional amounts should be paid to the executive.

FY13 long-term incentive (LTI) plan

From FY13, all executives will be invited by the Board to participate in the FY13 Seven West Media LTI plan. The purpose of the FY13 LTI plan is to encourage sustained performance, drive long-term shareholder value creation and ensure alignment of executive remuneration outcomes to shareholder interests. Value from the LTI will only be delivered to participants if certain shareholder returns are achieved on the relevant test dates. The FY13 LTI will be delivered through performance rights over ordinary shares in the Company, at no cost to the executive, subject to meeting performance hurdles and service conditions.

Remuneration Report

Proposed FY13 long-term incentive plan	
What is granted?	The grant will be made in the form of performance rights. The performance rights are granted at no cost and each right entitles the participant to one ordinary share in the Company, subject to the achievement of the performance hurdles outlined below.
How many performance rights are granted?	The value of LTI granted will be allocated annually and will be 25% of the participant's fixed remuneration. The number of performance rights granted to each executive will be equivalent to the face value of the LTI grant divided by the share price preceding the date of grant.
What is the performance hurdle?	The vesting of performance rights granted under the LTI plan will be dependent on two independent performance measures, Diluted Earnings Per Share ("DEPS") and TSR.
Why was the DEPS performance hurdle chosen, and how is performance measured?	Half of the award is subject to a DEPS hurdle. DEPS provides a direct link between executive rewards with the creation of wealth driven through the increase in earnings per share received by shareholders. The DEPS target that will be used for the FY13 grant is the sum of three annual DEPS growth targets each set by the Board for the three years (i.e., FY13, FY14 and FY15). The Board believes this is the appropriate way to assess the Company's performance as it reflects the performance expectations for each coming year, taking into account external market conditions and projected outlook. The DEPS target will be set and communicated to executives at the beginning of the financial year and disclosed retrospectively the following financial year. The actual annual DEPS targets and performance against each target will be disclosed retrospectively (i.e. in the following financial year). Diluted EPS is calculated by dividing the net profit or loss (for the reporting period) by the weighted average number of ordinary shares in the company plus the potential number of ordinary shares that may be on issue (for example, from conversion of the Company's Convertible Preference Shares). EPS will be the audited figure for diluted earnings per share as reported in the relevant Annual Report. The Board has discretion to make such adjustments to this figure for abnormal or unusual profit items as it considers appropriate. The Board believes that setting hurdles based on one-year projections better align to the interests of shareholders than setting a three-year DEPS target that may become unrealistic or insufficiently challenging as external market conditions change. For the initial grant of performance rights, the threshold DEPS target for FY13 will be the budget DEPS for that financial year and the stretch DEPS hurdle will be 10% growth on actual DEPS in FY12. The percentage of DEPS performance rights that vest (if any) at the end of the three-year performance period will be based on the following schedule:

Aggregate DEPS over the three years	Proportion of DEPS performance rights that vest (%)
Equal to or above the aggregate stretch DEPS	100%
Between the aggregate threshold DEPS and the aggregate stretch DEPS	Straight-line vesting*
At the aggregate threshold DEPS	50%
Less than the aggregate threshold DEPS	Nil

* The proportion of DEPS performance rights that vests increases in a straight line between 50% and 100% for DEPS performance between the aggregate threshold DEPS and aggregate stretch DEPS.

Remuneration Report

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

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

The comparator group chosen for assessing the Company's relative TSR consists of 15 S&P / ASX 200 companies above and 15 companies below the Company's 12-month average market capitalisation ranking, excluding trusts and companies classified under the Metals and Mining Global Industry Classification System ("GICS"). The Company believes the chosen comparator group represents companies with which Seven West competes for talent / revenue / market share. The comparator group is defined at the start of the performance period. The composition of the comparator group may change as a result of corporate events, such as mergers, acquisitions, de-listings etc. The Remuneration Committee has agreed guidelines for adjusting the comparator group following such events, and has the discretion to determine any adjustment to the comparator group.

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

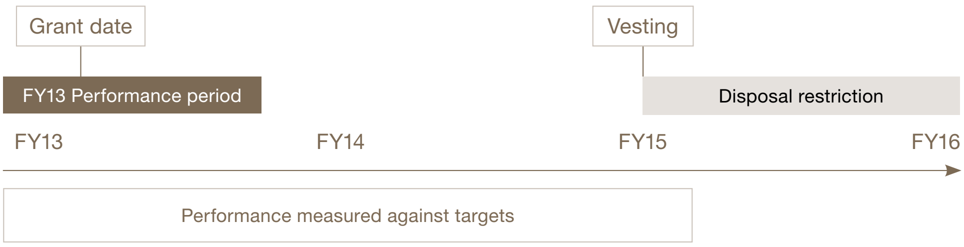
Company's TSR ranking in the comparator group	Proportion of performance rights vesting
Below the 51st percentile	Nil
At the 51st percentile	50%
Between the 51st and 75th percentiles	Between 51% and 100%, increasing on a straight-line basis
Above the 75th percentile	100%

When will performance be tested?

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

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

The following diagram summarises the timeline for grants to be made for FY13:



Do the performance rights carry dividend or voting rights?

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

What happens in the event of a change in control?

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

What happens if the participant ceases employment?

If the participant ceases employment before the end of the performance period by reason of death, disablement, retirement, redundancy or for any other reason approved by the Board, unvested awards remain on-foot, subject to original performance hurdles, although the Board may determine that awards should be forfeited. If the participant ceases employment before the end of the performance period by reasons other than outlined above, unvested awards will lapse.

Incoming Managing Director and Chief Executive Officer Remuneration

Mr Voelte was appointed Managing Director and Chief Executive Officer of Seven West Media on 26 June 2012. His remuneration structure was approved by the Board on 21 August 2012. He is employed under an open-ended contract under which the Chief Executive Officer gives three months' notice to terminate the employment. Seven West Media is required to provide one month's

Remuneration Report

notice to terminate. Mr Voelte's total fixed annual remuneration is $2,600,000. The Board have determined that the duties and responsibilities of his near term role does not require a variable component of remuneration.

Link between remuneration policy and company performance

In FY12, the remuneration policy for television executives was linked to the EBIT performance of television and the remuneration policy for magazine executives was linked to the EBIT performance of the magazine business. The remuneration policy for newspaper executives is linked to the business performance of the WA businesses as well as a balanced scorecard approach to leadership, sales, safety, circulation and cost management.

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

	2008	2009	2010	2011	2012
Profit after tax (before significant items*) ($'000's)	127,342 (a)	97,091	96,223	141,502	226,889
Profit after tax (as reported) ($'000's)	109,935	87,244	96,223	115,122	226,889
Ordinary dividends per share with respect to year (cents)	53.0	33.0	45.0	45.0	25.0
Diluted earnings per share (as reported) (cents) (b)	52.5	41.5	45.0	35.2	26.7
Diluted earnings per share (before significant items*) (cents) (b)	60.9 (a)	46.2	45.0	43.3	26.7
Growth/(decline) in earnings per share (before significant items*) (%)	13.8 (a)	(24.1)	(2.6)	(3.8)	(38.3)
Share price as reporting date ($)	7.90	4.36	6.54	4.00	1.75
Return on capital employed (%)	44.57	36.62	41.06	4.81	10.26

(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.

(b) AASB 133: Earnings per Share requires the calculation of basic and diluted earnings per share for all periods presented to be adjusted retrospectively for shares to be issued under a rights issue. Accordingly, the weighted average number of ordinary shares includes an adjustment for the 1-for-2 entitlement for both the 2011 and 2012 financial years (refer to note 30 in the financial statements).

Company performance is linked to the remuneration structure of the group by having EBIT hurdles for the STI plans in television and magazines and having other revenue and budget based goals in the newspaper STI plan. In FY13, SWM will be linked to the LTI plan through the DEPS targets. The WAN LTI plan is linked to company performance through EPS growth targets.

* For details of significant items refer note 5 to the financial statements.

B. Remuneration in detail

Amounts of remuneration

Details of the remuneration of the Seven West Media Limited and Group KMP, are set out in the following tables.

The KMP have authority and responsibility for planning, directing and controlling the activities of the Group. For the year ended 30 June 2012, KMP includes the directors of Seven West Media Limited, the Managing Director and Chief Executive Officer, and certain executives that report directly to the Managing Director and Chief Executive Officer or where their role contributes significantly to the financial performance of the group. The remuneration disclosed for the executives of Seven West Media reflects their remuneration for the period that they were considered to be KMP.

KMP executives, whose remuneration has been disclosed in this report are:

Seven West Media Limited	
DJ Leckie	Managing Director and Chief Executive Officer (until 26 June 2012, with the contract covering his engagement in this position expiring 30 June 2012)
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	From 12 April 2011, Director of Programming and Production and from 1 December 2011, Chief Executive Officer Television
DR Voelte	Managing Director and Chief Executive Officer (from 26 June 2012)

Remuneration Report

2012	SHORT–TERM BENEFITS			POST–EMPLOYMENT BENEFITS					
Name	Cash salary & fees $	Cash bonus & incentives $	Non-monetary benefits $	Superannuation $	Termination benefits $	Share-based payments $	Total $	% of remuneration Performance related %	Value of rights/options as % of remuneration
Non-executive directors of the Company									
KM Stokes AC – Chairman	137,177	-	-	15,775	-	(i) 137,177	290,129	-	-
DR Flynn	101,694	-	-	13,410	-	(i) 33,896	149,000	-	-
PJT Gammell	101,694	-	-	13,410	-	(i) 33,896	149,000	-	-
GT John AO	98,962	-	-	13,050	-	(i) 32,988	145,000	-	-
JC Reizes	98,962	-	-	13,050	-	(i) 32,988	145,000	-	-
DR Voelte	(ix) 105,786	-	-	13,950	-	(i) 35,264	155,000	-	-
SMC Walsh AO	(ix) 73,254	-	-	14,490	-	(i) 73,256	161,000	-	-
Executive director of the Company									
DJ Leckie (resigned 26/6/12)	2,484,178	-	(v) 48,205	15,775	(xi) 1,898,111	(viii) 161,042	4,607,311	3.5	3.5
DR Voelte (appointed 26/6/12)	-	-	-						
Key management personnel of the Group									
CS Wharton	930,336	(ii) 262,000	(v) 56,763	15,775	-	(vi) 108,609	1,373,483	27.0	7.9
PJ Bryant	426,306	(iii) 160,000	(v) 27,510	15,775	-	-	629,591	25.4	-
KJ Burnette	795,469	(iv) (x) 208,979	(v) 1,151	15,775	-	-	1,021,374	20.5	-
N Chan	693,365	(iv) 85,000	(v) 40,860	15,775	-	-	835,000	10.2	-
PJ Lewis	905,990	(iv) 80,000	(v) 76,602	15,775	-	-	1,078,367	7.4	-
BI McWilliam	809,204	(iv) 70,000	-	15,775	-	-	894,979	7.8	-
TG Worner	1,849,965	(iv) 215,000	(v) 24,623	25,000	-	(vii) (27,979)	2,086,609	9.0	(1.3)
Totals	**9,612,342**	**1,080,979**	**275,714**	**232,560**	**1,898,111**	**621,137**	**13,720,843**		

(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 of $150,000 for Mr Wharton in recognition of time spent in 2011 in relation to the acquisition of Seven Media Group. STI award for 2012 of $112,000 which is a percentage of on target performance as set out in the variable remuneration table on page 37.

(iii) One-off payment of $100,000 for Mr Bryant in recognition of time spent in 2011 in relation to the acquisition of Seven Media Group. STI award for 2012 of $60,000 which is a percentage of on target performance as set out in the variable remuneration table on page 37.

(iv) STI award for 2012 being a percentage of on-target performance as set out in the variable remuneration table on page 37.

(v) Provision of a motor vehicle and/or other non-monetary benefits.

(vi) The rights will vest in accordance with the TSR hurdles outlined earlier in this report

(vii) In March 2012 the Board exercised its discretion to pay Mr Worner's STI bonus in respect of the 2011 financial year in deferred share rights that vest in three equal tranches on 1 October 2012, 1 October 2013 and 1 October 2014 provided Mr Worner is still an employee on those dates, rather than as a fully vested cash payment. The amount disclosed as a share based payment in FY12 is negative as it reflects the cumulative fair value of the deferred share rights in respect of the service period to 30 June 2012, less amounts disclosed as a cash bonus in the previous year.

(viii) Relates to a grant of share rights in March 2012 earned in the FY11 SMG PMP executive bonus scheme, share rights previously reported as granted in September 2011.

(ix) Includes additional fee of $20,000 for Mr Voelte and $26,000 for Mr Walsh AO for their Chairman of Remuneration & Nomination and Chairman Audit & Risk Committees respectively

(x) Relates to 2012 cash bonus payment of $200,000 plus $8,979 that relates to Mr Burnette's 2011 bonus which was finalised subsequent to the 2011 report.

(xi) Mr Leckie's contract expired on 30 June 2012, the terms of his contract provide for six months' pay in lieu of notice which can be given after the end of the term. Mr Leckie's termination benefit includes six months' pay in lieu of notice from 1 July 2012, accrued annual leave and accrued long service leave.

Remuneration Report

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 $	% of remuneration Performance related %	Value of rights/options as % of remuneration
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	55.6	-
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	28.3	-
Key management personnel of the Group									
CS Wharton	787,444	(vii) 300,000	(viii) 43,631	15,199	-	(ix) 67,784	1,214,058	30.3	5.6
PJ Bryant	(x) 443,355	(iv) 83,600	(viii) 27,510	15,199	-	-	569,664	14.7	-
KJ Burnette (from 12/4/11)	167,419	109,038	-	3,242	-	-	279,699	39.0	-
N Chan (from 12/4/11)	142,591	11,558	(viii) 8,396	3,123	-	-	165,668	7.0	-
PJ Lewis (from 12/4/11)	86,407	34,932	(viii) 77,960	3,123	-	-	202,422	17.3	-
BI McWilliam (from 12/4/11)	222,904	53,682	-	3,123	-	-	279,709	19.2	-
TG Worner (from 12/4/11)	200,342	124,604	-	5,137	-	-	330,083	37.8	-
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	27.3	-
RA Billington (to 12/4/11)	217,580	(iv) 78,023	-	12,033	-	-	307,636	25.4	-
BA McCarthy (to 12/4/11)	239,813	(v) 110,252	-	12,033	-	-	362,098	30.4	-
LM Roche (to 12/4/11)	224,809	(vi) 146,495	(viii) 20,045	12,033	-	-	403,382	36.3	-
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 a motor vehicle and other non-monetary benefits.
(ix) Relates to discretionary grant of 41,081 share rights on 3 August 2010 – refer page 41 for further details. These share rights were not available under Mr Wharton's LTI program.
(x) Includes $39,183, being the payout of excessive leave entitlement.

Remuneration Report

Share rights granted as compensation

Details of vesting profiles of the share rights granted as remuneration to each executive of the group are detailed below. None of the share rights vested in FY12 and none lapsed.

	Number share rights	Date	% vested in year	% forfeited in year	End of financial year in which grant vests
Directors					
DJ Leckie	42,290	1 March 2012	-	-	30 June 2013
	42,290	1 March 2012	-	-	30 June 2014
	42,291	1 March 2012	-	-	30 June 2015
Executives					
TG Worner	25,374	1 March 2012	-	-	30 June 2013
	25,374	1 March 2012	-	-	30 June 2014
	25,374	1 March 2012	-	-	30 June 2015
CS Wharton	69,986	12 August 2011	-	-	30 June 2015

The share rights for Mr Leckie and Mr Worner were granted in March 2012 with respect to performance in 2011 under the 2011 SMG Performance Management Plan. A total of 202,993 share rights were granted to Mr Leckie and Mr Worner in relation to their remuneration for the 2011 financial year. In the 2011 annual report, the number of share rights disclosed for Mr Leckie was 185,519, which was the number expected at the time of disclosure. However the actual number of share rights granted to Mr Leckie in March 2012 was 126,871 with respect to 2011 performance.

Details of rights over ordinary shares in Seven West Media that were granted as compensation to each executive in FY12 and details of the rights that vested during FY12 are as follows:

	Number share rights granted	Grant Date	Fair value per right at grant date ($)	Expiry date	Number of rights vested during 2012
Directors					
DJ Leckie	42,290	1 March 2012	$3.42	15 March 2019	-
	42,290	1 March 2012	$3.09	15 March 2019	-
	42,291	1 March 2012	$2.79	15 March 2019	-
Executives					
TG Worner	25,374	1 March 2012	$3.42	15 March 2019	-
	25,374	1 March 2012	$3.09	15 March 2019	-
	25,374	1 March 2012	$2.79	15 March 2019	-
CS Wharton	69,986	12 August 2011	$1.75	12 August 2016	-
	(i) 41,081	3 August 2010	$4.95	3 August 2015	-

(i) Granted in FY11 in relation to performance in FY10.

Fixed and variable remuneration

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

	Fixed remuneration		At risk – STI (at max)		At risk – LTI (at max)	
Seven West Media Limited	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
DJ Leckie	57%	57%	43%	43%	N/A	N/A
CS Wharton	44%	44%	22%	22%	34%	34%
PJ Bryant	67%	70%	33%	30%	NA	NA
KJ Burnette	67%	65%	33%	35%	N/A	N/A
N Chan	67%	70%	33%	30%	N/A	N/A
PJ Lewis	67%	67%	33%	33%	N/A	N/A
BI McWilliam	67%	66%	33%	34%	N/A	N/A
TG Worner	67%	60%	33%	40%	N/A	N/A

Further information on remuneration of directors and other key personnel is set out in the Corporate Governance Statement and note 26 to the financial statements.

Remuneration Report

C. Service agreements

The terms of employment for the Managing Director and Chief Executive Officer, 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.

Managing Director and Chief Executive Officer and other KMP

Mr Leckie was entitled to an annual fixed remuneration of $2,500,000 inclusive of superannuation. Mr Leckie's contract as Managing Director and Chief Executive Officer ceased on 30 June 2012 and as a result he ceased to be a key management personnel from that date. Subsequent to 30 June 2012 he was paid 6 month's pay in lieu of notice in accordance with contractual obligations effective 1 July 2012. Following his termination he was paid his accrued statutory entitlements. He has been re-employed by Seven West Media from 1 July 2012 in the position of consultant and adviser to the new Managing Director and Chief Executive Officer.

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	Two 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.	
BI McWilliam	Three years	Three months' notice given by either party after the fixed term.	
TG Worner	Three years	No specified period	
PJ Lewis	Nil (open ended)	Three months' notice given by either party after the fixed term.	
CS Wharton	Open ended	Three months' notice	3 months
PJ Bryant	Open ended	Three months' notice	9 months
DR Voelte	Open ended	Three months' notice by Mr Voelte and one months' notice by the company	3 months

D. Legacy share-based compensation plans

(a) Legacy 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 36 to 48 and in note 31 to the financial statements.

E. Services from Remuneration Consultants

The Committee engaged Mercer Consulting (Australia) Pty Ltd ("Mercer") as remuneration consultants to the Board to review KMP remuneration (excluding the remuneration of the Managing Director and Group Chief Executive Officer position) and provide recommendations in relation hereto. Mercer was also engaged to conduct a Remuneration Review for non-KMP Executives. Payments to Mercer for KMP related remuneration recommendations totalled $15,000 and non-KMP remuneration advice totalled $45,000.

The Company ensured that the remuneration recommendations were free from undue influence by the KMP executives by engaging Mercer directly through the then Chairman of the Committee, Mr Don Voelte. Remuneration recommendations were provided by Mercer directly to Mr Voelte and were not provided to a person who is neither a director of the Company nor a member of the Committee.

Remuneration Report

The Board is satisfied that the remuneration recommendations made by Mercer were free from undue influence by the member or members of the KMP to whom the recommendation relates. This is because all dealings with the remuneration consultants went through the Chairman of the Remuneration Committee and therefore the Board is satisfied the recommendations are free from influence.

In accordance with the Corporation Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011, Mercer's engagement was approved by Mr Voelte, then Chair of the Remuneration and Nomination Committee and remuneration recommendations were provided by Mercer directly to Mr Voelte and were not provided to a person who is neither a director of the company nor a member of the Remuneration and Nomination Committee.

End of remuneration report

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 51.

Details of amounts paid or payable to the auditor, KPMG, for audit and non-audit services provided during the year are set out in note 23 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

Sydney
21 August 2012

Auditor's Independence Declaration

FOR THE YEAR ENDED 30 JUNE 2012

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

To: the directors of Seven West Media Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

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

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

KPMG

Bruce Phillips
Partner

Sydney

21 August 2012

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 $'000	2011 $'000
Revenue	3	**1,937,107**	725,691
Other income	3	**227**	73
Expenses	4	**(1,483,995)**	(515,501)
Share of net profit of equity-accounted investees	12	**20,084**	7,304
Profit before net finance costs and income tax		**473,423**	217,567
Net finance costs	6	**(148,240)**	(44,037)
Profit before income tax		**325,183**	173,530
Income tax expense	7	**(98,294)**	(58,408)
Profit for the year		**226,889**	115,122
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges		**(6,192)**	720
Income tax relating to components of other comprehensive income		**1,858**	(216)
Other comprehensive (expense) income for the year, net of tax		**(4,334)**	504
Total comprehensive income for the year attributable to owners of the Company		**222,555**	115,626
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share	30	**33.3 cents**	36.2 cents
Diluted earnings per share	30	**26.7 cents**	35.2 cents

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

Consolidated Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	**2012 $'000**	2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**75,052**	118,567
Trade and other receivables	9	**329,865**	315,515
Program rights and inventories	10	**116,442**	127,697
Other assets	11	**7,862**	6,633
Total current assets		**529,221**	568,412
Non-current assets			
Program rights and inventories	10	**4,035**	1,544
Investments accounted for using the equity method	12	**351,766**	346,815
Other investments	13	**777**	777
Property, plant and equipment	14	**262,410**	282,081
Intangible assets	15	**3,865,545**	3,875,030
Deferred tax assets	7	**22,040**	13,153
Other assets	11	**2,795**	-
Total non-current assets		**4,509,368**	4,519,400
Total assets		**5,038,589**	5,087,812
LIABILITIES			
Current liabilities			
Trade and other payables	16	**339,281**	339,952
Provisions	17	**64,352**	62,107
Deferred income	18	**19,096**	19,708
Borrowings	19	**-**	136,000
Current tax liabilities		**6,230**	9,718
Total current liabilities		**428,959**	567,485
Non-current liabilities			
Trade and other payables	16	**39,557**	62,073
Provisions	17	**16,350**	15,267
Deferred income	18	**4,531**	5,438
Borrowings	19	**1,929,799**	1,926,070
Total non-current liabilities		**1,990,237**	2,008,848
Total liabilities		**2,419,196**	2,576,333
Net assets		**2,619,393**	2,511,479
EQUITY			
Share capital	20	**2,656,017**	2,489,061
Reserves	21	**(4,893)**	159
(Accumulated deficit)/Retained earnings		**(31,731)**	22,259
Total equity		**2,619,393**	2,511,479

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 30 JUNE 2012

	Notes	Share capital $'000	Cash flow hedge reserve $'000	Equity compensation reserve $'000	Reserve for own shares $'000	(Accumulated deficit)/ retained earnings $'000	Total equity $'000
Balance at 1 July 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							
Shares issued pursuant to the executive and employee share plan	20	387	-	-	-	-	387
Dividend reinvestment plan share issues	20	24,136	-	-	-	-	24,136
Issue of ordinary shares related to business combination	20	951,063	-	-	-	-	951,063
Issue of convertible preference shares related to business combination	20	250,000	-	-	-	-	250,000
Other issues of ordinary shares	20	1,153,795	-	-	-	-	1,153,795
Transaction costs arising on share issues	20	(22,986)	-	-	-	-	(22,986)
Current tax recognised directly in equity	20	1,354	-	-	-	-	1,354
Deferred tax recognised directly in equity	20	4,792	-	-	-	-	4,792
Dividends paid	22	-	-	-	-	(97,307)	(97,307)
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**
Profit for the year		-	-	-	-	226,889	226,889
Cash flow hedge losses taken to equity		-	(6,192)	-	-	-	(6,192)
Income tax on other comprehensive expense		-	1,858	-	-	-	1,858
Other comprehensive expense for the year, net of tax		-	(4,334)	-	-	-	(4,334)
Total comprehensive (expense) income for the year		-	(4,334)	-	-	226,889	222,555
Transactions with owners in their capacity as owners							
Shares issued pursuant to the executive and employee share plan	20	394	-	-	-	-	394
Dividend reinvestment plan share issues	20	166,203	-	-	-	-	166,203
Deferred tax recognised directly in equity	20	359	-	-	-	-	359
Payments made for own shares	21	-	-	-	(1,300)	-	(1,300)
Dividends paid	22	-	-	-	-	(280,879)	(280,879)
Share based payment expense		-	-	582	-	-	582
Total transactions with owners		166,956	-	582	(1,300)	(280,879)	(114,641)
Balance at 30 June 2012		**2,656,017**	**(4,392)**	**799**	**(1,300)**	**(31,731)**	**2,619,393**

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 30 JUNE 2012

	Notes	**2012 $'000**	2011 $'000
Cash flows related to operating activities			
Receipts from customers		**2,083,033**	859,398
Payments to suppliers and employees		**(1,588,420)**	(660,327)
Dividends received from equity-accounted investees		**17,333**	6,166
Interest and other items of similar nature received		**7,436**	6,098
Interest and other costs of finance paid		**(194,965)**	(40,102)
Income taxes paid		**(108,452)**	(30,288)
Net operating cash flows	33	**215,965**	140,945
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment	14	**(25,995)**	(14,710)
Deposits paid for property, plant & equipment		**-**	(1,000)
Proceeds from sale of property, plant and equipment		**428**	246
Payments for software	15	**(5,611)**	(4,135)
Cash acquired on acquisition of controlled entity	28	**-**	65,881
Loans issued		**(650)**	-
Net investing cash flows		**(31,828)**	46,282
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		**394**	387
Payments made for own shares	21	**(1,300)**	-
Payments for share issue costs	20	**-**	(22,986)
Proceeds from borrowings		**1,993,000**	73,000
Repayment of borrowings		**(2,105,070)**	(1,211,750)
Dividends paid		**(114,676)**	(73,171)
Net financing cash flows		**(227,652)**	(80,725)
Net (decrease)/increase in cash and cash equivalents		**(43,515)**	106,502
Cash and cash equivalents at the beginning of the year		**118,567**	12,065
Cash and cash equivalents at the end of the year	8	**75,052**	118,567

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 30 JUNE 2012

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, all of which are for-profit entities.

The consolidated results for the year ended 30 June 2012 include the results of SMG (H1) Pty Limited and its subsidiaries for the entire period.
The consolidated results for the year ended 25 June 2011 include the results of SMG (H1) Pty Limited and its subsidiaries from 12 April 2011 being the date they were acquired by Seven West Media Limited.
The consolidated financial statements were authorised for issue by the Board of Directors on 21 August 2012.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), including Australian 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).
The Group has adopted all applicable amendments to Australian Accounting Standards which became effective during the financial year.
The following standards apply for the first time to financial periods beginning on or after 1 July 2011:

AASB 124 and AASB 2009-12	Related Party Disclosures and Amendments to Australian Accounting Standards
AASB 1054, AASB 2011-1 and AASB 2011-2	Australian Additional Disclosures and Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project
AASB 2010-6	Amendments to Australian Accounting Standards - Disclosures of Transfers of Financial Assets
AASB 2010-4	Further Amendments to Australian Accounting Standards- Arising from the Annual Improvements Project & Amendments to Australian Accounting Standards

The above changes have had no significant effect on the financial statements of the Group for current or comparative periods and are not likely to affect future periods.

Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 26 June 2011.

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.

Use of estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates and assumptions. 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 group accounting policy stated in note 1(j). The recoverable amounts of cash-generating units have been determined based on value in use and fair value less costs to sell approaches. These calculations require the use of assumptions. Refer to note 15 for details of these assumptions.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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. Following the finalisation of the accounting for the the acquisition of SMG H1 Pty Limited, the comparative statement of financial position has been adjusted to increase goodwill and reduce the deferred tax assets by $12.1 million. Refer to note 28.

(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 30 June 2012 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.

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

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 (equity-accounted investees)

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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of agency commissions, discounts, rebates, returns, trade allowances and duties and taxes paid. 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.
Revenue from advertising services provided in exchange for broadcast rights or other goods or services is measured at the fair value of the goods or services received. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the advertising services provided.

(ii) Circulation and commercial printing

Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and control of the right to be compensated has been obtained.

(iii) Program sales

Program sales revenue is recognised upon delivery of episodes to the buyer. Affiliate revenue is recognised in line with the contract terms and conditions held with affiliates.

(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, the stage of completion can be measured reliably and the costs to complete can be measured reliably.

(vi) Rental Income

Rental income is recognised in profit and loss on a straight line basis over the term of the lease.

(vii) Dividends

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Finance income and costs

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.
It comprises income on funds invested and fair value gains on financial assets at fair value through profit or loss.
Finance costs comprise interest expense on borrowings, the ineffective portion of cash flow hedges and fair value losses on financial assets at fair value through profit or loss.
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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

(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 25).
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 as 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 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,

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 non-financial 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.
Impairment losses are recognised in profit and loss unless the asset has previously been revalued, in which case the impairment is recognised as a reversal to the extent of that previous revaluation with any excess recognised in the profit and loss.

(k) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand and deposits held at call or with maturities of three months or less with financial institutions.

(l) Trade and other 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.

Other receivables are reviewed on an ongoing basis and are written down to their recoverable amount when this amount is in excess of the carrying value.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

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 also includes 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) Other Investments

These unlisted equity securities are available for sale non-derivative assets in which the Group does not have significant influence or control. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

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 30 JUNE 2012

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 16. 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.

(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.

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. Leasehold improvements are depreciated over the shorter of the life of the lease of each property or the life of the asset. 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
Printing presses and publishing equipment	15 years
Other plant and equipment	3-10 years

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Property, plant and equipment (continued)

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 2).

(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 less accumulated impairment losses.

(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 8 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 licences are carried at cost less accumulated impairment losses.

(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 contract.

(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. 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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 31.

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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 20). 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.

(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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group however an 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 2015)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities.
This standard is mandatory for the Group's 2016 financial statements and could change the classification and measurement of financial assets and liabilities. The Group does not plan to adopt this standard early and the extent of the impact has not yet been determined.

(ii) AASB10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. While the Group does not expect the new AASB 10 standard to have a significant impact on it's composition, it has yet to perform a detailed analysis of the new guidance in the context of it's various investees that may or may not be controlled under the new rules.
Under AASB 11 new guidelines, the Group's investment in the jointly controlled entity will be classified as a joint venture. As the Group already applied the equity in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.
Application of the disclosure requirements under AASB 12 will not affect any of the amounts recognised in the financial statements but will impact the type of information required to be disclosed in relation to the Groups investments. The Group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the reporting period ending 30 June 2014.

(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 **(effective 1 January 2013)**

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current and future reporting periods and on foreseeable future transactions.

(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

Investments in subsidiaries are accounted for at cost less impairment losses in the financial statements of Seven West Media Limited.
Dividends received from subsidiaries are recognised in the parent entity's profit and loss.

(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 30 JUNE 2012

2. 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:

- Television (operation of commercial television stations)
- Newspapers (The West Australian newspaper and insert magazines and The Countryman and other newspapers published in regional areas of Western Australia)
- Magazines (publisher of magazines)
- Other includes Quokka (a weekly classified advertising publication), Radio (radio stations broadcasting in regional areas of Western Australia), ColourPress (commercial printing operation), digital publishing, West Australian Publishers, equity-accounted investees including Yahoo!7 and Community Newspapers and other minor operating segments.

The composition of reportable segments has changed to reflect the current operations which now include businesses attained following the acquisition of SMG (H1) Pty Limited in April 2011. The segment information in the previous year has been restated to reflect the current operating segments. Revenue from external sales is predominantly to customers in Australia and total segment assets are predominantly held in Australia.
Total assets and liabilities by segment are not provided to the chief operating decision maker.

Year ended 30 June 2012	Television $'000	Newspapers $'000	Magazines $'000	Other $'000	Total $'000
Total segment revenue	1,262,305	348,231	287,196	61,788	1,959,520
Inter-segment revenue	-	-	-	(22,413)	(22,413)
Revenue from continuing operations	1,262,305	348,231	287,196	39,375	1,937,107
Profit before significant items, net finance costs, tax, depreciation and amortisation	321,862	137,166	48,713	27,243	534,984
Depreciation and amortisation (i)	(30,889)	(20,958)	(8,877)	(837)	(61,561)
Profit before significant items, net finance costs and tax	290,973	116,208	39,836	26,406	473,423

Year ended 25 June 2011	$'000	$'000	$'000	$'000	Total $'000
Total segment revenue	255,202	367,392	63,223	62,591	748,408
Inter-segment revenue	-	-	-	(22,717)	(22,717)
Revenue from continuing operations	255,202	367,392	63,223	39,874	725,691
Profit before significant items, net finance costs, tax, depreciation and amortisation	84,415	159,133	14,056	16,716	274,320
Depreciation and amortisation (i)	(6,771)	(19,796)	(1,989)	(1,817)	(30,373)
Profit before significant items, net finance costs and tax	77,644	139,337	12,067	14,899	243,947

(i) Excludes program rights amortisation which is treated consistently with other media content (refer note 4).

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

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

	2012 $'000	2011 $'000
Reconciliation of profit before significant items, net finance costs and tax		
Profit before significant items, net finance costs and tax	**473,423**	243,947
Finance income	**7,243**	6,569
Finance costs	**(155,483)**	(50,606)
Significant items (transaction costs)	**-**	(26,380)
Profit before income tax	**325,183**	173,530

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

3. REVENUE AND OTHER INCOME

	2012 $'000	2011 $'000
Sales revenue		
Advertising revenue	**1,500,900**	551,241
Circulation revenue	**250,544**	111,214
Rendering of services	**24,038**	22,722
Other revenue	**161,625**	40,514
Total revenue	**1,937,107**	725,691
Other income		
Net gain on disposal of property, plant and equipment and computer software	**227**	73

4. EXPENSES

Profit before income tax includes the following specific expenses:

	2012 $'000	2011 $'000
Depreciation and amortisation (excluding program rights amortisation)	**61,561**	30,373
Advertising and marketing expenses	**63,767**	16,467
Printing, selling and distribution (including newsprint and paper)	**145,854**	88,494
Media content (including program rights amortisation)	**565,527**	105,094
Employee benefits expense	**414,234**	173,680
Raw materials and consumables used (excluding newsprint and paper)	**10,354**	9,277
Repairs and maintenance	**17,787**	7,964
Licence fees	**71,929**	13,417
Other expenses from ordinary activities	**132,982**	44,355
Transaction costs (significant item - refer note 5)	**-**	26,380
Total expenses	**1,483,995**	515,501
Depreciation and amortisation		
Property, plant and equipment	**46,465**	24,813
Intangible assets	**15,096**	5,560
Depreciation and amortisation excluding program rights amortisation	**61,561**	30,373
Television program rights amortisation	**139,950**	32,931
Total depreciation and amortisation	**201,511**	63,304
Included in the expense above are the following specific items:		
Employee benefits expense	**378,743**	143,891
Defined contribution superannuation expense	**35,491**	15,111
Rental expense relating to operating leases	**24,302**	6,242

5. SIGNIFICANT ITEMS

	2012 $'000	2011 $'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 28)	**-**	26,380

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

6. NET FINANCE COSTS

	2012 $'000	2011 $'000
Finance costs	**(151,964)**	(50,606)
Ineffective portion of changes in fair value of cash flow hedges	**(3,519)**	-
Total finance costs	**(155,483)**	(50,606)
Finance income	**7,243**	6,393
Ineffective portion of changes in fair value of cash flow hedges	**-**	176
Total finance income	**7,243**	6,569
Net finance costs	**(148,240)**	(44,037)

7. INCOME TAX

Income tax expense recognised in profit or loss		
Current year tax expense	**(105,571)**	(61,957)
Adjustments for current tax of prior periods	**607**	879
Current tax expense	**(104,964)**	(61,078)
Deferred tax benefit	**6,670**	2,670
Total income tax expense	**(98,294)**	(58,408)
Reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	**325,183**	173,530
Tax at the Australian tax rate of 30% (2011: 30%)	**(97,555)**	(52,059)
Tax effect of amounts which are not (deductible)/taxable in calculating taxable income:		
Non deductible acquisition costs	**-**	(6,864)
Share of net profit of equity-accounted investees	**6,025**	2,191
Deferred tax expense related to equity-accounted investees	**(4,742)**	(664)
Change in deferred tax assets not recognised	**(1,655)**	(388)
Other non-assessable / (non-deductible) items	**(974)**	(1,503)
Adjustments for current tax of prior periods	**607**	879
Income tax expense	**(98,294)**	(58,408)
Income tax recognised in other comprehensive income		
Cash flow hedges	**1,858**	(216)
Income tax recognised directly in equity		
Current tax benefit	**-**	1,354
Deferred tax benefit	**359**	4,792
Total income tax recognised directly in equity	**359**	6,146
Deferred tax asset not recognised		
Deductable temporary differences	**120,843**	118,818

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

7. INCOME TAX (CONTINUED)

Deferred tax assets/(liabilities)

Year ended 30 June 2012	Balance 26 June 2011 $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Recognised directly in equity $'000	Acquired in business combination $'000	Balance 30 June 2012 $'000
The balance comprises temporary differences attributable to:						
Receivables	15,223	(5,046)	-	-	-	10,177
Program rights and inventories	(51,843)	11,436	-	-	-	(40,407)
Investments accounted for using the equity method	(4,610)	(1,292)	-	-	-	(5,902)
Intangibles	(9,041)	1,511	-	-	-	(7,530)
Property, plant and equipment	(11,937)	3,709	-	-	-	(8,228)
Creditors	40,661	(1,980)	-	-	-	38,681
Provisions	23,643	887	-	-	-	24,530
Deferred income	2,532	31	-	-	-	2,563
Borrowings	2,448	(2,448)	-	-	-	-
Cash flow hedges	1,088	(1,063)	1,858	-	-	1,883
Transaction costs	5,373	1,022	-	359	-	6,754
Other	(384)	(97)	-	-	-	(481)
Net deferred tax assets/(liabilities)	13,153	6,670	1,858	359	-	22,040

Year ended 25 June 2011	Balance 1 July 2010 $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Recognised directly in equity $'000	Acquired in business combination (i) $'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 accounted for using the equity method	-	(664)	-	-	(3,946)	(4,610)
Intangibles	(1,145)	468	-	-	(8,364)	(9,041)
Property, plant and equipment	(14,444)	(864)	-	-	3,371	(11,937)
Creditors	-	(636)	-	-	41,297	40,661
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	16,831	13,153

(i) The comparative amount includes a $12,091,000 adjustment to net deferred assets "acquired in business combination" following finalisation of the acquisition accounting for SMG(H1) Pty Limited (refer note 28).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

8. CASH AND CASH EQUIVALENTS

	2012 $'000	2011 $'000
Current		
Cash at bank, on hand and at call	**75,052**	118,567

Cash at bank and deposits at call bear interest at a floating weighted average rate of 4.07% at the reporting date (2011: 4.93%). The maximum exposure to credit risk at the reporting date is the carrying amount. The exposure to interest rate risk is discussed in note 32.

9. TRADE AND OTHER RECEIVABLES

Current		
Trade receivables	**360,920**	342,750
Provision for impairment of receivables	**(7,604)**	(7,645)
Provision for sales credits and returns	**(25,210)**	(25,521)
	328,106	309,584
Other receivables	**1,759**	5,931
	329,865	315,515

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 2012 $'000	Provision for impairment 2012 $'000	Gross 2011 $'000	Provision for impairment 2011 $'000
Not past due	**307,232**	**-**	284,077	-
Past due 0-30 days	**22,918**	**(4,670)**	26,485	(4,162)
Past due 31-120 days	**4,913**	**(2,306)**	6,260	(3,076)
Past due 120+ days	**647**	**(628)**	407	(407)
	335,710	**(7,604)**	317,229	(7,645)

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

	2012 $'000	2011 $'000
Balance at the beginning of the financial year	**7,645**	218
Provision assumed in a business combination	**-**	7,158
Provision for impairment loss recognised during the year	**201**	470
Receivables written off	**(242)**	(201)
Balance at the end of the financial year	**7,604**	7,645

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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

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 32.

Refer to note 32 for further information on the risk management policy of the Group.

10. PROGRAM RIGHTS AND INVENTORIES

	2012 $'000	2011 $'000
Current		
Television program rights at cost less accumulated amortisation	**86,482**	97,218
Newsprint and paper – at cost	**17,503**	16,734
Work in progress – at cost	**7,871**	9,203
Other raw materials and stores – at net realisable value	**4,275**	4,201
Finished goods – at cost	**311**	341
	116,442	127,697
Non-current		
Prepaid television program rights	**4,035**	1,544

Program rights and Inventory expense

Program rights and inventories recognised as expense during the year ended 30 June 2012 amounted to $139,950,000 (2011: $32,931,000) and $77,341,000 (2011: $63,998,000) respectively.

11. OTHER ASSETS

	2012	2011
Current		
Prepayments	**7,862**	6,633
Non-Current		
Prepayments	**2,795**	-

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2012	2011
Non-current		
Investments in associates and jointly controlled entities	**351,766**	346,815

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

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

Information relating to associates and jointly controlled entities is set out in the tables below:

Name of entity	Principal activities	Reporting date	Ownership interest 2012 %	Ownership interest 2011 %
Community Newspaper Group Limited	Newspaper publishing	30 June	**49.9**	49.9
Bloo (WA) Pty Ltd	Online business directory	30 June	**27.8**	27.8
Australian News Channel Pty Limited	Pay TV channel operator	30 June	**33.3**	33.3
TX Australia Pty Limited	Transmitter facilities provider	30 June	**33.3**	33.3
Yahoo! Australia and New Zealand (Holdings) Pty Limited	Internet content provider	31 December	**50.0**	50.0
Coventry Street Properties Pty Limited	Property management	30 June	**50.0**	50.0
Oztam Pty Limited	Ratings service provider	31 December	**33.3**	33.3
Impact Merchandising Pty Ltd (ii)	Visual merchandising services	30 June	**50.0**	100.0
Perth Translator Facility Pty Limited	Transmitter facilities provider	30 June	**33.3**	33.3
Hybrid Television Services (ANZ) Pty Ltd (i)	TiVo distributor	30 June	**66.7**	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.

(ii) In the prior year the entity was accounted for as a controlled entity (refer note 29)

	2012 $'000	2011 $'000
Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**346,815**	11,228
Acquisitions through business combinations	**-**	333,200
Other movements/ acquisitions	**2,200**	1,249
Share of profit of investees after income tax	**20,084**	7,304
Dividends received	**(17,333)**	(6,166)
Carrying amount at the end of the financial year	**351,766**	346,815
Share of investees' profit		
Profit before income tax	**28,689**	10,530
Income tax expense	**(8,605)**	(3,226)
Share of net profit of investees disclosed in the statement of comprehensive income	**20,084**	7,304
Summarised financial information of investees (100%)		
Revenues	**261,875**	109,786
Expenses	**(197,336)**	(101,399)
Profit after income tax as reported by investees	**64,539**	8,387
Current assets	**95,951**	86,011
Non-current assets	**172,926**	160,629
Total assets	**268,877**	246,640
Current liabilities	**(56,988)**	62,354
Non-current liabilities	**(47,068)**	43,086
Total liabilities	**(104,056)**	105,440
Share of investees' net assets		
Equity-accounted	**351,766**	346,815
Share of investees' capital commitments		
Jointly controlled entity	**2,460**	300

Contingent Liabilities

There were no contingent liabilities in respect of any equity-accounted investees at year end.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

13. OTHER INVESTMENTS

	2012 $'000	2011 $'000
Non-current		
Unlisted equity securities	**777**	777

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

14. PROPERTY, PLANT AND EQUIPMENT

Non-current assets		
Freehold land and buildings - at cost	**106,687**	100,419
Accumulated depreciation	**(25,841)**	(23,533)
	80,846	76,886
Leasehold improvements - at cost	**19,511**	19,373
Accumulated depreciation	**(5,393)**	(937)
	14,118	18,436
Residential properties - at cost	**2,940**	2,940
Plant and equipment - at cost	**325,782**	307,115
Accumulated depreciation	**(161,276)**	(123,296)
	164,506	183,819
Total property, plant and equipment - at cost	**454,920**	429,847
Accumulated depreciation and amortisation	**(192,510)**	(147,766)
	262,410	282,081

Notes to the Consolidated Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Consolidated	Freehold land and buildings $'000	Leasehold improve-ments $'000	Residential properties $'000	Plant and equipment $'000	Total $'000
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
Year ended 30 June 2012					
Opening net book amount	76,886	18,436	2,940	183,819	282,081
Additions	6,267	49	-	20,679	26,995
Disposals	-	-	-	(201)	(201)
Transfers	-	87	-	(87)	-
Depreciation charge	(2,307)	(4,454)	-	(39,704)	(46,465)
Closing net book amount	80,846	14,118	2,940	164,506	262,410

	2012 $'000	2011 $'000
Additions		
Cash	**25,995**	14,710
Non-cash-additions relating to prepayment	**1,000**	-
Total Additions	**26,996**	14,710

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

15. INTANGIBLE ASSETS

	2012	2011
	$'000	$'000
Television licences - at cost	**2,300,000**	2,300,000
Magazine licences - at cost	**38,080**	38,080
Magazine licences - accumulated amortisation	**(6,811)**	(1,294)
Radio licences - at cost	**17,316**	17,316
Total licences	**2,348,585**	2,354,102
Newspaper mastheads - at cost	**100,558**	100,558
Magazine mastheads - at cost	**129,731**	129,731
Total mastheads	**230,289**	230,289
Television program copyrights - at cost	**20,848**	20,848
Accumulated amortisation	**(4,848)**	(848)
Total television program copyrights	**16,000**	20,000
Software - at cost	**40,589**	34,978
Accumulated amortisation	**(19,968)**	(14,389)
Total software	**20,621**	20,589
Goodwill (i)	**1,250,050**	1,250,050
Total intangible assets	**3,865,545**	3,875,030

Consolidated	**Licences $'000**	**Mastheads $'000**	**Program copyrights $'000**	**Computer software (i) $'000**	**Goodwill (ii) $'000**	**Total $'000**
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	1,247,566	3,743,586
Additions	-	-	-	4,135	-	4,135
Amortisation charge (iii)	(1,294)	-	(848)	(3,418)	-	(5,560)
Closing net book amount	2,354,102	230,289	20,000	20,589	1,250,050	3,875,030
Year ended 30 June 2012						
Opening net book amount	2,354,102	230,289	20,000	20,589	1,250,050	3,875,030
Additions	-	-	-	5,611	-	5,611
Amortisation charge (iii)	(5,517)	-	(4,000)	(5,579)	-	(15,096)
Closing net book amount	2,348,585	230,289	16,000	20,621	1,250,050	3,865,545

(i) Software additions for the year include $4,110,000 (2011 $4,135,000) which were acquired separately and $1,501,000 (2011 nil) which were internally generated.

(ii) The comparative amount includes a $12,091,000 adjustment to goodwill on acquisition of SMG(H1) Pty Limited following finalisation of the acquisition accounting (refer note 28).

(iii) Amortisation of $15,096,000 (2011: $5,560,000) is included in depreciation and amortisation expense in the comprehensive income statement. (refer note 4)

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

The fair values of intangible assets acquired through a business combination during the year ended 25 June 2011 were determined using values provided by independent experts (refer note 28). Management and the Directors reviewed the carrying values of all intangible assets at reporting date to ensure that no amounts were in excess of their recoverable amounts.

15. INTANGIBLE ASSETS (CONTINUED)

The estimated recoverable amounts of the cash generating units (CGUs) were performed using the following methodologies:

Television

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

- Five year forecast based on financial budgets and forecasts approved by management;
- Average annual revenue growth rate over the 5 year forecast period of 4.0% (2011: 3% - 5%);
- Pre-tax discount rate of 13.5% (2011: 12.8% - 14.3%);
- Terminal growth rate of 4% (2011: 4%).
- TV licence fee rebate at a rate of 50% continues into perpetuity.

Newspapers and Other WA

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

- Five year forecast based on financial budgets and forecasts approved by management;
- Growth rates between 2% and 4% (2011: between 3% and 6%), being rates no higher than the long term average growth rates for the CGU;
- Pre-tax discount rate of 14% (2011: 13%).
- Terminal growth rate of 2% (2011: 2%).

Magazines

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

- Future maintainable revenue forecasts which are based on historical actual results as well as financial budgets and forecasts approved by management;
- Royalty rates between 1.5% and 11.0% (2011: 1.5% and 10.5%);
- Earnings multiples between 8x and 10x (2011: 8x and 10x).

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

- Five year forecast based on financial budgets and forecasts approved by management;
- Discount rates between 14% and 16% (2011: 14% and 16%);
- Terminal growth rate of 2% (2011: 2%).

The recoverable amount of the overall Magazine CGU that includes goodwill is determined based on value in use and using discounted cash flow projections based on the following assumptions:

- Five year forecast based on financial budgets and forecasts approved by management;
- Pre-tax discount rate of 15.2% (2011: 13.8%);
- Terminal growth rate of 2.5% (2011: 3%).

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

The estimated recoverable amount of the Television CGU, based on value in use, exceeds its carrying amount by approximately $14 million. Accordingly, currently no impairment is required.

Holding all other assumptions constant, a reduction in the average annual revenue growth rate from 4.0% to 3.9% would result in the estimated recoverable amount equalling the carrying amount. Holding all other assumptions constant, an increase in the pre tax discount rate used from 13.50% to 13.54% would result in the estimated recoverable amount equalling the carrying amount. Holding all other assumptions constant, a decrease in the terminal growth rate (beyond next 5 years) from 4.0% to 3.97% would result in the estimated recoverable amount equalling the carrying amount. A reduction in the TV licence fee rebate from 50.0% to 48.7% would result in the estimated recoverable amount equalling the carrying amount. Management has the ability to proactively reduce expenses in order to mitigate the effects of changes in these assumptions on the recoverable amount.

The estimated recoverable amount of the overall Magazine CGU, based on value in use, exceeds the carrying amount by approximately $13 million. In addition, there is currently no or minimal headroom between the recoverable amount of individual Magazine mastheads and licences and any adverse change in the key assumptions used to calculate the fair value of the individual Magazine mastheads and licences would result in an impairment.

Currently no impairment is required to individual Magazine licences, mastheads or the overall Magazine CGU.

Holding all other assumptions constant, an increase in the pre tax discount rate used from 15.2% to 15.5% would result in the recoverable amount equalling the carrying amount. Holding all other assumptions constant, a decrease in the terminal growth rate (beyond next 5 years) from 2.5% to 2.2% would result in the recoverable amount equalling the carrying amount.

Seven West Media does not consider that there are any reasonably possible changes to key assumptions of other significant intangible assets with indefinite useful lives and goodwill which would cause the carrying amounts to exceed recoverable amounts.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

15. INTANGIBLE ASSETS (CONTINUED)

For the purpose of impairment testing, intangible assets with indefinite lives, including goodwill, are allocated to the Group's operating divisions which represent the lowest level within the Group at which the assets are monitored for internal management purposes. No impairment losses for intangible assets have been incurred or reversed during the current or prior years. Intangible assets with indefinite useful lives of $3,260,875,000 (including $960,875,000 goodwill) relate to the Television operating division, $84,055,000 (including $1,558,000 goodwill) relate to the Newspapers operating division, $416,422,000 (including $286,691,000 goodwill) relate to the Magazines operating division and $36,303,000 (including $926,000 goodwill) relate to the Other WA division.

16. TRADE AND OTHER PAYABLES

	2012 $'000	2011 $'000
Current		
Trade payables and other accrued expenses [(i)]	**240,109**	262,873
Derivative financial liabilities	**672**	5,868
Television program liabilities [(ii)]	**98,500**	71,211
	339,281	339,952
Non-current		
Accruals	**18,887**	35,275
Derivative financial liabilities	**10,709**	279
Television program liabilities	**9,961**	26,519
	39,557	62,073

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 (2011: $$8,983,138). These have been guaranteed by Seven Network (Operations) Limited, a wholly-owned subsidiary.

(ii) Included in television program liabilities is an amount of $19,359,000 (current: $13,758,000, non-current: $5,601,000) 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 $15,679,916 was utilised.

In the prior year, $35,038,000 related to onerous program rights contracts (current: $14,355,000, non-current: $20,683,000), no amounts were recognised in the income statement and $3,298,000 was utilised.

Interest rate swap and collar contract- 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 32).

Of the Group's total debt at 30 June 2012 of $1,929,799,000 (2011: $2,062,070,000), $800,000,000 (2011: $370,000,000) is covered by interest rate swaps, designated as cash flow hedges.
The Group also has interest rate collars of $600,000,000 (2011:$Nil) which include an interest rate cap at 5%. These collars expire on 16 March 2015. In the prior period the group had interest rate caps of $550,000,000, which included a weighted average interest rate of 7.16%.

Interest rate swaps-fair value through profit and loss
Of the Group's total debt at 30 June 2012 of $1,929,799,000 (2011: $2,062,070,000), $80,000,000 (2011: $120,000,000) is covered by interest rate swaps measured at fair value through profit and loss and not designed as cash flow hedges.
The Group has entered into interest rate swap contracts, which expire on 16 March 2013, 16 August 2013, 16 March 2014 and 16 March 2015 which fix the interest rate at a weighted average of 3.77% (including bank margins) (2011: 7.86%).

The contracts require settlement on net interest receivable or payable on a three monthly basis. For the majority of swaps 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 sum of the net present value of the each of the expected future cash flows.
At the reporting date, liabilities relating to these contracts amounted to $11,381,000 (2011: $6,147,000). In the year ended 30 June 2012 there was a net loss from the decrease in fair value of interest rate swap and collar contracts of $3,284,000 (2011: gain of $866,000).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

16. TRADE AND OTHER PAYABLES (CONTINUED)

Interest rate risk exposure

Refer to note 32 for the Group's exposure to interest rate risk on interest rate swaps, collars and caps.

Credit risk exposure

Refer to note 32 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 32 for the Group's exposure to currency risk on trade and other creditors.

17. PROVISIONS

	2012	2011
	$'000	$'000
Current		
Employee benefits (a)	**62,748**	60,503
Libel expenses (b)	**225**	225
Make Good (c)	**479**	479
Other	**900**	900
	64,352	62,107
Non-current		
Employee benefits	**8,661**	7,800
Make good	**7,178**	6,956
Other	**511**	511
	16,350	15,267

Movements in the provisions are as follows:

Consolidated	**Employee $'000**	**Make good $'000**	**Libel $'000**	**Other $'000**	**Total $'000**
Year ended 25 June 2011					
Carrying amount at start of year	14,369	-	225	-	14,594
Assumed in a business combination	52,076	7,408	-	1,411	60,895
Amounts provided	16,867	-	-	-	16,867
Amounts utilised	(15,009)	-	-	-	(15,009)
Unwind of discount	-	27	-	-	27
Carrying amount at end of year	68,303	7,435	225	1,411	77,374
Year ended 30 June 2012					
Carrying amount at start of year	68,303	7,435	225	1,411	77,374
Amounts provided	43,574	-	-	-	43,574
Amounts utilised	(40,468)	80	-	-	(40,388)
Unwind of discount	-	142	-	-	142
Carrying amount at end of year	71,409	7,657	225	1,411	80,702

(a) Employee Benefits

The provision for employees relates to annual leave, long service leave, staff redundancy and short term incentives.
It is expected that the majority of annual leave will be paid out in the next 12 months.

(b) Libel

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

(c) Make Good

The Group is required to restore the leased premises of it's offices, studio's and other premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

18. DEFERRED INCOME

	2012 $'000	2011 $'000
Current		
Deferred revenue	**19,096**	19,708
Non-current		
Deferred revenue	**4,531**	5,438

19. BORROWINGS

	2012 $'000	2011 $'000
Current		
Bills payable – secured (d)	-	136,000
Non-current		
Bank loans – unsecured (a)	**1,929,799**	-
Bank loans – secured (b)	-	1,531,070
Secured notes (c)	-	315,000
Bills payable – secured (d)	-	80,000
	1,929,799	1,926,070

Financial arrangements

	2012 $'000	2011 $'000
At reporting date, the Group had access to unsecured syndicated credit facilities to a maximum of $2,075,000,000 (2011: $2,306,069,821). The amount of these facilities undrawn at reporting date was:	**113,600**	232,815

$125,000,000 (2011: $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) Unsecured Bank Loans

In November 2011 Seven West Media finalised new unsecured syndicated credit facilities and used funds drawn from these facilities to repay all amounts outstanding under the existing facilities. Original commitments for the new facilities were provided by 12 Australian and international banks with the facilities consisting of 3, 4 and 5 year tranches totalling $2.075 billion including a $125 million working capital facility, of which $11.4m was utilised for bank guarantees at 30 June 2012.

The unsecured bank loans are net of $20.2 million unamortised refinancing costs.

The new facilities are subject to a weighted average interest rate of 6.24% at 30 June 2012.

(b) Secured Bank loans

In the prior financial year, before re-financing, the bank loans were 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 were due to mature in December 2012 and were 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 held by the Group in prior year were subject to a fixed rate of interest, increasing annually from 10.16% to 12.31% per annum and were due to mature in December 2013.

The secured notes were secured by a second ranking fixed and floating charge over the assets of SMG (H4) Pty Limited, a wholly owned subsidiary, and its subsidiaries.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

19. BORROWINGS (CONTINUED)

(d) Bills payable

Bills payable were drawn under various bill facilities for the Group totalling $Nil (2011: $280,000,000) which had an average maturity of Nil from 30 June 2012 (2011: 0.8 years from 25 June 2011). The facilities were secured by interlocking guarantees and indemnities given by the Company and subsidiaries.

Fair value

The carrying value and fair value of Group borrowings at the end of the financial year was $1,929,799,000 (2011: $2,062,070,000).

Risk exposures

Information about the Group's exposure to interest rate changes is provided in note 32.

Subsequent to 30 June 2012 Seven West Media repaid $441.5 million of bank loans mostly funded out of proceeds from the issue of new shares (refer note 35).

20. SHARE CAPITAL

	2012 $'000	2011 $'000
664,733,554 (2011: 608,792,249) Ordinary shares fully paid (notes 20(a) and 20(c))	**2,406,017**	2,239,061
2,500 (2011: 2,500) Convertible preference shares fully paid (notes 20(b) and 20(d))	**250,000**	250,000
	2,656,017	2,489,061

(a) Movements in ordinary share capital

	2012 Shares	2011 Shares	**2012 $'000**	2011 $'000
Ordinary shares				
Balance at the beginning of the year	**608,792,249**	214,167,596	**2,239,061**	126,520
Movements during the year:				
Shares issued pursuant to the executive and employee share plan	**164,150**	308,300	**394**	387
Dividend reinvestment plan share issues	**55,777,155**	3,657,424	**166,203**	24,136
Issue of ordinary shares related to business combination	**-**	180,467,446	**-**	951,063
Share issued in respect of a 4 for 7 entitlement offer (i)	**-**	125,537,572	**-**	652,795
Shares issued to other investors (ii)	**-**	76,961,603	**-**	461,000
Shares issued in respect of a public offer	**-**	7,692,308	**-**	40,000
Payments for transaction costs arising on share issues	**-**	-	**-**	(22,986)
Current tax recognised directly in equity	**-**	-	**-**	1,354
Deferred tax recognised directly in equity	**-**	-	**359**	4,792
Movement in ordinary shares	**55,941,305**	394,624,653	**166,956**	2,112,541
Balance at the end of the year	**664,733,554**	608,792,249	**2,406,017**	2,239,061

The total number of shares issued by the Company is 666,105,054 and differs from the amount included in share capital as follows:

	2012	2011
Total shares issued by the Company	**666,105,054**	610,327,899
Executive and employee share plans treated as options (iii)	**(1,371,500)**	(1,535,650)
Balance included in share capital	**664,733,554**	608,792,249

(i) Shares issued on conversion of convertible unsecured loan securities (CULS) in accordance with the prospectus issued by the Company on 21 Feburary 2012.

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

(iii) Outstanding loans pursuant to the executive and employee share plans are treated as options.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

20. SHARE CAPITAL (CONTINUED)

(b) Movements in convertible preference shares

	2012 Shares	2011 Shares	2012 $'000	2011 $'000
Convertible preference shares (CPS)				
Balance at the beginning of the year	**2,500**	-	**250,000**	-
Movements during the year:				
Shares issued to Seven Group Holdings Limited in relation to business combination (refer to note 28)	**-**	2,500	**-**	250,000
Balance at the end of the year	**2,500**	2,500	**250,000**	250,000

(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.

Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

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 666,105,054 (2011: 610,327,899) and differs from the amount disclosed in note 20(a) as shares relating to outstanding loans pursuant to the executive and employee share plans and numbering 1,371,500 shares (2011: 1,535,650) are treated as options.

On 16 July 2012 SWM announced the issue of approximately 333 million ordinary shares pursuant to the terms of the fully underwritten pro-rata renounceable entitlement offer (refer note 35).

(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 shares, 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 fixed conversion price of $6.68.

The conversion price will be adjusted following any reconstruction, consolidation, division, reclassification, securities issue or rights offer (subject

20. SHARE CAPITAL (CONTINUED)

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. Subsequent to 30 June 2012 the fixed conversion price was adjusted from $6.68 to $6.31 as a result of the rights issue announcement (refer note 35).

The conversion price will also be adjusted downwards for any dividends paid to SWM Shareholders over and above an annual reference yield of 6.5% (excluding franking credits), initially calculated with reference to the first full year of ordinary dividends for the 2012 financial year. The final dividend for the 2012 financial year will be paid in October 2012 (refer note 22) at which time the fixed conversion price will be further adjusted.

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.

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 security holders until all CPS have been redeemed, repurchased or exchanged (subject to certain limited exceptions).

(e) Dividend reinvestment plan

For details relating to the dividend reinvestment plan see note 22

(f) Share buy-backs

During the year Seven West Media Limited purchased 328,811 shares on market. These shares are held by the SWM Equity Incentive Plan Trust for the purpose of issuing shares under the Group employee share scheme. Refer note 21.

(g) Capital risk management

Information about the Group's exposure to capital risk is provided in note 32.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

21. RESERVES

	2012 $'000	2011 $'000
Equity compensation reserve	**799**	217
Reserve for own shares	**(1,300)**	-
Cash flow hedge reserve	**(4,392)**	(58)
	(4,893)	159

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.

Cash flow hedge reserve

The cash flow hedge 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.

Reserve for own shares

Treasury shares are shares in Seven West Media Limited that are held by the SWM Equity Incentive Plan Trust for the purpose of issuing shares under the group employee share scheme. At 30 June 2012 the Trust held 328,811 of the group's shares (2011: Nil)

For movements in reserves during the year, refer to the Statement of Changes in Equity.

22. DIVIDENDS

	2012 $'000	2011 $'000
Final ordinary dividend for the year ended 25 June 2011 of 26 cents per share (2010: 26 cents), fully franked based on tax paid at 30%, paid on 14 October 2011 (2010: 30 September 2010)	**158,389**	55,804
Interim ordinary dividend for the year ended 30 June 2012 of 19 cents per share (2011: 19 cents), fully franked based on tax paid at 30%, paid on 2 April 2012 (2011: 31 March 2011)	**122,490**	41,503
	280,879	97,307

Dividends not recognised at year end

In addition to the above dividends, since year end the directors have declared a 2012 final dividend of 6 cents per ordinary share (2011: 26 cents), fully franked based on tax paid at the rate of 30%. The aggregate amount of the dividend payable on 12 October 2012, but not recognised as a liability at year end, is estimated at	**59,826**	158,380

Franked dividends

The franked dividend declared after 30 June 2012 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 29 June 2013. Franking credits available for subsequent financial years based on a tax rate of 30% (2011: 30%)	**6,678**	14,978

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.

Dividend reinvestment plan

The Company had established a plan under which holders of ordinary shares could have elected to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash. The operation of the dividend reinvestment plan for any dividends was at the discretion of the Board. Upon completion of the Entitlement Offer (refer note 35), the dividend reinvestment plan was suspended.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

23. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, it's related practices and non related audit firms.

KPMG was appointed as auditor of the group for the 30 June 2012 audit (2011: PwC was auditor of the group and KPMG audited certain subsidiaries of the group).
For prior year comparative audit fees see table below:

	2012	2011
	$	$
KPMG Australia		
(i) Audit and other assurance services		
Audit or review of the financial statements	**297,500**	260,000
Other audit and assurance services	**148,066**	-
Total remuneration for audit and other assurance services	**445,566**	260,000
(ii) Other services		
Advisory services	**551,437**	18,374
Total remuneration for other services	**551,437**	18,374
Total remuneration of KPMG Australia	**997,003**	278,374

Other audit firms (a)	
(i) Audit and other assurance services	
Audit or review of the financial statements	393,179
Other assurance services	36,303
Total remuneration for audit and other assurance services	429,482
(ii) Taxation services	
Taxation consultancy and compliance services	128,600
Total remuneration for taxation services	128,600
(ii) Other services	
Advisory services	2,000
Services relating to the acquisition of SMG	3,182,975
Total remuneration for other services	3,184,975
Total remuneration of non-KPMG audit firms	3,743,057

(a) Other audit firms relates to PwC Australia audit remuneration in 2011. PwC Australia was the Group auditor in 2011.

24. CONTINGENT LIABILITIES

Seven West Media's tax liabilities have been calculated based on currently enacted legislation. Any changes to the tax law or interpretations (including proposed changes already announced) may require changes to the calculation of the tax balances shown in the financial statements.

Participation in media involves particular risks associated with defamation litigation and litigation to protect media rights. The nature of the Group's activities is such that, from time to time, claims are received or made by the Group. The directors are of the opinion that there are no material claims that require disclosure of such a contingent liability.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

25. COMMITMENTS

	2012 $'000	2011 $'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.	**3,379**	11,507

Operating lease commitments

The Group leases various offices, equipment, sites and residential premises under non-cancellable operating leases expiring within one year to 18 years (2011: 19 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:

	2012 $'000	2011 $'000
Within one year	**18,475**	20,809
Later than one year but not later than five years	**68,405**	69,748
Later than five years	**159,904**	176,920
	246,784	267,477

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:

	2012 $'000	2011 $'000
Within one year	**259,119**	259,337
Later than one year but not later than five years	**516,354**	694,433
Later than five years	**45,050**	140,048
	820,523	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:

	2012 $'000	2011 $'000
Within one year	**56,965**	65,838
Later than one year but not later than five years	**26,887**	34,221
	83,852	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:

	2012 $'000	2011 $'000
Within one year	**33,143**	29,324
Later than one year but not later than five years	**36,577**	38,850
Later than five years	**16,919**	6,435
	86,639	74,609

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

26. KEY MANAGEMENT PERSONNEL DISCLOSURES

In addition to their salaries, the Group also provides non-cash benefits to directors and executive officers, and contributes to a post-employment superannuation fund on their behalf (refer to the Remuneration Report on pages 36 to 50).
Executive officers also participate in the Group's share option scheme (refer note 31).

	2012	2011
	$	$
Key management personnel compensation		
Short-term employee benefits	**10,969,035**	5,731,303
Post-employment benefits		
- Superannuation	**232,560**	165,986
- Termination benefits	**1,898,111**	-
Share-based payments	**621,137**	284,981
	13,720,843	6,182,270

Detailed remuneration disclosures in respect of directors and each key management person are provided in the Remuneration Report on pages 36 to 50

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 Sections B & D of the Remuneration Report.

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 rights held by key management personnel are vested but not exercisable at 30 June 2012

2012 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:						
DJ Leckie (i)	-	126,871	-	126,871	-	126,871
TG Worner (i)	-	76,122	-	76,122	-	76,122
CS Wharton	41,081	69,986	-	111,067	-	111,067

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

(i) Relates to a grant of share rights in March 2012 earned in the FY11 SMG PMP executive bonus scheme, share rights vesting annually on 1 October subject to continual employment.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

26. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

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.

2012 **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	180,720,216	39,240	40,459,996	221,219,452
DR Flynn	28,692	10,194	-	38,886
PJT Gammell	19,612	10,192	81,636	111,440
GT John AO	42,756	9,936	3,373	56,065
DJ Leckie *(resigned 26/06/2012)*	751,252	-	-	751,252 (i)
BI McWilliam *(alternate)*	297,938	-	91,314	389,252 (ii)
JC Reizes	32,603	9,936	2,410	44,949
RK Stokes *(alternate)*	39,846	-	41,484	81,330
DR Voelte *(appointed executive director 26/06/2012)*	16,882	10,580	15,000	42,462
SMC Walsh AO	47,763	21,929	8,775	78,467
Convertible preference shares				
KM Stokes AC	2,500	-	-	2,500
Other key management personnel of the Group:				
Ordinary shares				
PJ Bryant	10,845	-	1,700	12,545
KJ Burnette	5,843	-	-	5,843 (i)
N Chan	165,275	-	-	165,275 (i)
PJ Lewis	172,788	-		172,788 (i)
CS Wharton	40,279	-	14,056	54,335
TG Worner	262,938	-	-	262,938 (i)

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.

None of the above key management personnel received shares on exercise of options or rights.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

26. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

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
BI 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 *(appointed executive director 26/06/2012)*	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 (iv)	2,000	-	1,282	3,282
RA Billington (iv)	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 (iv)	-	-	1,900	1,900
LM Roche (iv)	34,500	-	-	34,500
CS Wharton	16,218	-	24,061	40,279
TG Worner	-	-	262,938 (i)	262,938

(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.

(iv) Ceased to be key management personnel on 11 April 2011.

For further details of shares held under share plans, refer to note 1(w)(iii) for accounting policy and note 31 for share based payments.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

27. 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 29.

	2012	2011
	$	$
Transactions with related parties		
The following transactions occurred with related parties during the financial year:		
Sale of goods, advertising and other services		
Printing services to associate	**5,726,343**	4,878,293
Advertising services to associate	**2,201,118**	592,467
Advertising, production, printing and other services to entities of which directors of the Group are also directors	**1,532,791**	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	**1,257,204**	1,309,029
Recharge of utilities and services usage to associates	**1,277,921**	43,711
Recharge of utilities and services usage to an entity which is an associate of an entity the Group is an associate	**15,946**	3,300
Printing services, recharge of rent and salaries to an entity controlled by an entity of which the Group is an associate	**1,568,790**	337,531
Advertising and other services and recharge of operating expenses to an entity jointly controlled by the Group	**2,676,220**	488,831
AFL highlights footage to an entity of which a director of the Group is a commissioner	**52,626**	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
Ratings reports, broadcast transmission services, sales services and studio facility hire from associates of the Group	**5,411,803**	1,797,835
Sales services from an entity which is an associate of an entity the Group is an associate	**2,357,439**	316,340
Advertising and other services from an entity jointly controlled by the Group	**3,335,509**	271,105
Equipment maintenance services from an entity controlled by an entity of which the Group is an associate	**20,590**	1,317
Internet service from an entity controlled by an entity of which the Group is an associate	**131,302**	22,473
Rent paid to an entity of which a director of the Group is a director	**3,272,257**	657,088
Equipment hire, subscription fees and other services from entities of which directors of the Group are also directors	**1,088,906**	14,037
AFL free-to-air television rights from an entity of which a director of the Group is a commissioner	**44,027,500**	8,844,749
AFL video production and other services from an entity of which a director of the Group is a commissioner	**456,631**	-
Other transactions		
A company in the Group has contributed funds to an entity which is an associate of the Group	**637,239**	3,077,057
A company in the Group has contributed funds to an entity of which a director of the Group is also a director	**914,492**	-

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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

27. RELATED PARTY TRANSACTIONS (CONTINUED)

	2012	2011
	$	$
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	**806,926**	413,091
Jointly controlled entity	**440,028**	261,377
Entities controlled or jointly controlled by an entity of which the Group is an associate	**126,822**	287,642
Entities of which directors of the Group are directors	**73,316**	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	**437,984**	658,543
Jointly controlled entity	**573,565**	684,809
Entities controlled or jointly controlled by an entity of which the Group is an associate	**-**	738
Entities of which directors of the Group are also directors	**2,134**	-
Entity of which a director of the Group is a commissioner	**435**	-

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.

Key management personnel

The following transactions occurred with KMP related parties:

	2012	2011
	$	$
Revenues (TV production charges)	**63,652**	-
Expenses (Funding contribution)	**426,734**	-

Terms and conditions

Transactions were made on normal commercial terms and conditions.

28. BUSINESS COMBINATION

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 estimated that consolidated revenue would have been $1,941,476,000 and consolidated profit before tax would have been $349,733,000 for the comparative period.

At 25 June 2011 the accounting for the acquisition of SMG included provisional amounts based on best information available at the reporting date. Following finalisation of the acquisition accounting, subsequent to 25 June 2011, adjustments have been made to the fair value of net identifiable liabilities and goodwill disclosed in the 2011 financial statements. Deferred tax assets have decreased by $12,091,000 and goodwill has increased by a corresponding amount as a result of the finalisation of the tax cost bases. The disclosure has been restated for this adjustment.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

28. BUSINESS COMBINATION (CONTINUED)

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 20)	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 & equipment	78,834
Intangible assets	2,496,020
Deferred tax benefit	16,831
Trade and other payables	(415,864)
Provisions	(60,895)
Deferred income	(34,681)
Borrowings	(2,939,820)
Fair value of net identifiable liabilities	(46,503)

Goodwill on acquisition	
Total consideration	1,201,063
Add fair value of net identifiable liabilities	46,503
Goodwill	1,247,566

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.

	2011 $'000
Cash inflow on acquisition	
Cash acquired on acquisition	(65,881)
Net consolidated cash inflow on acquisition	(65,881)

Acquisition costs

The Group incurred acquisition-related costs of $26,380,000 related to legal fees and due diligence costs in 2011.

These have been included separately in the Group's consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

29. 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).

	Notes	Country of incorporation	Ownership interest 2012 %	2011 %
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
Quokka Press Pty Ltd	(a)	Australia	**100**	100
W.A. Broadcasters 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**	100
Australian Television International Pty Limited	(c)	Australia	**100**	100
Australian Television Network Limited	(c)	Australia	**100**	100
Channel Seven Adelaide Pty Limited	(c)	Australia	**100**	100
Channel Seven Brisbane Pty Limited	(c)	Australia	**100**	100
Channel Seven MelbournePty Limited	(c)	Australia	**100**	100
Channel Seven Perth Pty Limited	(c)	Australia	**100**	100
Channel Seven Queensland Pty Limited	(c)	Australia	**100**	100
Channel Seven Sydney Pty Limited	(c)	Australia	**100**	100
Cobbittee Publications Pty Limited	(c)	Australia	**100**	100
Dodds Street Properties Pty Limited	(c)	Australia	**100**	100
Faxcast Australia Pty Limited	(c)	Australia	**100**	100
Impact Merchandising Pty Limited	(d)	Australia	**50**	100
Jupelly Pty Limited	(c)	Australia	**100**	100
Kenjins Pty Limited	(c)	Australia	**100**	100
Pacific MM Pty Limited	(c)	Australia	**100**	100
Pacific Magazines Pty Limited	(c)	Australia	**100**	100
Pacific Magazines Trust		Australia	**100**	100
Pacific Magazines (No. 2) Pty Limited	(c)	Australia	**100**	100
Pacific Magazines NZ Limited		New Zealand	**100**	100
Pacific Magazines (PP) Pty Ltd	(c)	Australia	**100**	100

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

29. INVESTMENTS IN CONTROLLED ENTITIES (CONTINUED)

	Notes	Country of incorporation	Ownership interest 2012 %	2011 %
Pacific Magazines (PP) Holdings Pty Ltd	(c)	Australia	**100**	100
Pacific Magazines (WHO) Pty Ltd	(c)	Australia	**100**	100
Red Publishing Pty Limited	(c)	Australia	**100**	100
Seven Magazines Pty Limited	(c)	Australia	**100**	100
Seven Network Programming Pty Limited	(c)	Australia	**100**	100
Seven Network (Operations) Limited	(c)	Australia	**100**	100
Seven Regional Operations Pty Limited	(c)	Australia	**100**	100
Seven Satellite Pty Limited	(c)	Australia	**100**	100
Seven Television Australia Limited	(c)	Australia	**100**	100
SMG Executives Pty Limited		Australia	**100**	100
SMG H1 Pty Limited	(b)	Australia	**100**	100
SMG H2 Pty Limited	(b)	Australia	**100**	100
SWM Finance Pty Limited	(e), (b)	Australia	**100**	100
SMG H4 Pty Limited	(c)	Australia	**100**	100
SMG H5 Pty Limited	(c)	Australia	**100**	100
SMG H2 (Victoria) Pty Limited	(c)	Australia	**100**	100
Southdown Publications Pty Limited	(c)	Australia	**100**	100
Sunshine Broadcasting Network Limited	(c)	Australia	**100**	100
The Pacific Plus Company Pty Limited	(c)	Australia	**100**	100
West Central Seven Limited	(c)	Australia	**100**	100
Wide Bay - Burnett Television Limited	(c)	Australia	**100**	100
Zangerside Pty Limited	(c)	Australia	**100**	100
Zed Holdings Pty Limited	(c)	Australia	**100**	100

(i) All subsidiaries are wholly-owned with the exception of Impact Merchandising Pty Limited (refer to (d) below).
The class of all shares is ordinary except for 100,000 preference shares held in West Australian Newspapers Limited (2011: 100,000).

(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 joined Seven West Media Limited's Deed of Cross Guarantee under ASIC Class Order 98/1418 (as amended) dated 8 April 2004 on 27 June 2012 by Assumption Deed.

(d) This entity is no longer controlled by Seven West Media Limited as 50% was sold on 30 September 2011. The entity is now equity accounted as an investment and has been included in Note 12.

(e) SWM Finance Pty Limited changed its name from SMG H3 Pty Limited on 19 September 2011.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

29. INVESTMENTS IN CONTROLLED ENTITIES (CONTINUED)

Pursuant to ASIC Class Order 98/1418 (as amended) certain wholly-owned subsidiaries 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 30 June 2012 of the Seven West Media Limited Closed Group is presented below according to the Seven West Media Limited Class Order:

	2012 $'000	2011 $'000
Statement of comprehensive income		
Revenue	**1,937,091**	406,818
Other income	**227**	73
Expenses	**(1,483,989)**	(286,591)
Share of net profit of equity-accounted investees	**20,084**	4,627
Profit before net finance costs and income tax	**473,413**	124,927
Net finance costs	**(148,488)**	(7,896)
Profit before income tax	**324,925**	117,031
Income tax expense	**(98,217)**	(40,057)
Profit for the year	**226,708**	76,974
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedges	**(6,192)**	280
Income tax relating to components of other comprehensive income	**1,858**	(84)
Other comprehensive income for the year, net of tax	**(4,334)**	196
Total comprehensive income for the year attributable to owners of the Company	**222,374**	77,170

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

29. INVESTMENTS IN CONTROLLED ENTITIES (CONTINUED)

The consolidated statement of financial position for the year ended 30 June 2012 of the Seven West Media Limited Closed Group is presented below according to the Seven West Media Limited Class Order:

	2012 $'000	2011 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**74,996**	114,261
Trade and other receivables	**326,643**	166,056
Program rights and inventories	**116,435**	15,302
Other assets	**7,850**	1,903
Total current assets	**525,924**	297,522
Non-current assets		
Program rights and inventories	**4,035**	-
Investments accounted for using the equity method	**350,402**	11,604
Investments in controlled entities	**-**	217,945
Available-for-sale financial assets	**777**	777
Property, plant and equipment	**262,399**	203,739
Intangible assets	**3,865,545**	134,097
Deferred tax assets	**22,036**	-
Other assets	**2,795**	222,574
Total non-current assets	**4,507,990**	790,736
Total assets	**5,033,914**	1,088,258
LIABILITIES		
Current liabilities		
Trade and other payables	**338,017**	17,027
Borrowings	**-**	136,000
Current tax liabilities	**6,207**	9,718
Provisions	**64,341**	13,592
Deferred income	**19,084**	-
Total current liabilities	**427,649**	176,337
Non-current liabilities		
Trade and other payables	**39,557**	279
Borrowings	**1,929,799**	80,000
Deferred income	**4,531**	6,250
Provisions	**16,350**	933
Total non-current liabilities	**1,990,237**	87,462
Total liabilities	**2,417,886**	263,799
Net assets	**2,616,028**	824,459
EQUITY		
Share capital	**2,653,753**	2,489,061
Reserves	**(3,555)**	(149)
Non-controlling interests	**-**	(1,648,564)
Retained earnings	**(34,170)**	(15,889)
Total equity	**2,616,028**	824,459

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

30. EARNINGS PER SHARE

	2012	2011
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company (i)	**33.3 cents**	36.2 cents
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company (i)	**26.7 cents**	35.2 cents

	2012 $'000	2011 $'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.	**226,889**	115,122

	2012 Number	2011 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 (i)	**680,493,816**	317,632,683
Adjustments for calculation of diluted earnings per share:		
- Convertible Preference Shares (CPS) (ii)	**167,618,838**	7,310,047
- 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	**1,548,648**	1,800,324
- Share rights issued pursuant to equity incentive plan	**113,310**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**849,774,612**	326,743,054

(i) AASB 133: Earnings per share requires the calculation of basic and diluted earnings per share for all periods presented to be adjusted retrospectively for shares to be issued under a rights issue. Accordingly, the weighted average number of ordinary shares includes an adjustment for the 1-for-2 entitlement offer announced and completed after year end reporting date (refer note 35). The 2011 comparative basic and diluted EPS have been restated accordingly.

(ii) For the purpose of calculating diluted earnings per share, a notional CPS amount has been calculated. At 30 June 2012 the notional CPS amount is $271.9 million. This is divided by the conversion price to calculate the notional number of shares. Under the terms of the CPS there is more than one basis of conversion. For the calculation of diluted EPS the "Redemption Conversion Price" based on an average weighted share price has been used as the conversion price since this results in the most advantageous position for the holder of the CPS. This is in line with requirements of AASB 133: Earnings per share. Refer note 20 for further details relating to the CPS.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

31. SHARE-BASED PAYMENTS

At 30 June 2012 the Group had the following share-based payment arrangements:

Television and Magazines

Share rights granted as compensation

On 1 March 2012 the Board approved the grant of 328,811 share rights to certain key management personnel and other senior executives in lieu of a bonus payment for the 2011 financial year performance under the Seven West Media Equity Incentive Plan 2011.

The size of the award granted was dependent on Seven Media Group's EBIT performance in the 2011 financial year.
EBIT provided an overall assessment of Seven Media Group's financial performance throughout the year and ensured that executive remuneration outcomes were aligned to Seven Media Group's financial outcomes.

Executives were invited by the Board and Remuneration and Nomination Committee to apply for a number of share rights determined by the cash value of their 'equity component' opportunity in the Performance Management Plan (PMP) for the 2011 financial year.

Grant date	Award type	Vesting conditions	Tranche	First vesting date	Fair Value
1 March 2012	Share rights	Service Condition	1	1 October 2012	$3.42
			2	1 October 2013	$3.09
			3	1 October 2014	$2.79

The share rights are subject to vesting conditions, as set out below. Prior to vesting, the share rights allocated represent a conditional entitlement to shares and do not attract the payment of dividends and do not entitle the executive to vote on the shares.

The valuation of the share rights is subject to some assumptions.
The expected life for tranches 1, 2 and 3 is 0.6 years, 1.6 years and 2.6 years respectively. The risk free interest rate for the same tranches is 4.01%, 3.77% and 3.68%. The volatility rate is 40% and the dividend yield is 10%.
The valuation method used for each award is the Binomial tree method.

Details of the holdings of rights by key management personnel and senior employees during the year were as follows;

	Key management personnel	Senior employees
Grant Date	1 March 2012	1 March 2012
Expiry Date	15 March 2019	15 March 2019
Share price at grant date	$3.96	$3.96
Rights granted	202,993	125,818
Class of equity right	Ordinary	Ordinary

For further details of the key management personnel entitled to share rights refer note 26.

Each share right represents a conditional entitlement to one fully paid ordinary share in Seven West Media Limited allocated subject to the satisfaction of the applicable vesting conditions. Share rights were granted to the executives at no cost.
Vesting of the share rights is subject to the condition that the executive remains employed by SWM at the relevant vesting date.

If the executive ceases employment with the Company due to termination for cause, gross misconduct, or any other reason determined by the Board (which will normally include resignation), then unless the Board determines otherwise all unvested share rights held by the executive are forfeited. If the executive ceases employment in any other circumstances, the unvested share rights do not vest or lapse but will continue 'on foot' with the rules of the plan continuing to apply.

In the event of a change of control of Seven West Media Limited, the executive will receive a pro-rata incentive payment based on the achievement of pro-rata performance targets. The Board, as it exists immediately prior to a change in control, may, at its absolute discretion, determine that any additional amounts should be paid to the executive.

There were no rights which were forfeited during the year. No rights have yet expired and none have vested in 2012.
There were no share rights granted in 2011.

31. SHARE-BASED PAYMENTS (CONTINUED)

Newspapers

Share rights granted as compensation

The CEO of Western Australian Newspapers, Mr CS Wharton is entitled to receive share rights on the basis outlined below.
Also refer to the Remuneration Report and note 26 for details of this arrangement.

The CEO's LTI program, under which equity in the Company can be earned, has two hurdles, or assessment points, which ultimately determine the 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, and the valuation assumptions used during the financial year are as follows:

	2012	**2011**
Grant date	12 August 2011	3 August 2010
Expiry date	12 August 2016	3 August 2015
Award type	Share rights	Share rights
Vesting Conditions	Relative TSR Market based	Relative TSR Market based
First Vesting Date	12 August 2014	3 August 2013
Share price at grant date	$2.77	$7.02
Number of rights granted	69,986	41,081
Fair value at grant date	$1.75	$4.95
Volitality	37%	37%
Risk free interest rate	3.76%	4.58%
Dividend yield	10.0%	6.0%
Valuation methodology	Monte Carlo simulation	Monte Carlo simulation

There were no rights which were forfeited during the year. No rights have yet expired and none have vested in 2012.

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

31. SHARE-BASED PAYMENTS (CONTINUED)

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 112,007 (2011: 37,161). The total value of shares received by directors during the financial year in accordance with the plan was $379,465 (2011: $217,197), 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.

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

32. CAPITAL AND FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk, capital risk and liquidity risk.
The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.
The Group uses derivative financial instruments (interest rate swaps, caps and collars) to hedge certain interest rate risk exposures and forward foreign exchange contracts to hedge certain foreign exchange risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange and aging analysis for credit risk.

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 sourced at variable rates expose the Group to cash flow interest rate risk. The Group has mitigated this interest rate risk by entering into derivative transactions, including interest rate swaps.
The amount of interest rate hedging in place from these swaps at financial year end is equal to 45% of Group variable rate borrowings.
The Group also has additional hedging in the form of zero-cost collars. At 30 June 2012 these instruments were not exercised.
The total amount of interest rate hedging in place from the swaps and collars at financial year end is equal to 76% (2011: 53%)

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

	30-Jun-2012		25-Jun-2011	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Variable rate instruments:				
Cash at bank, on hand and at call	**4.07%**	**(75,052)**	4.93%	(118,567)
Bank loans	**6.24%**	**1,950,000**	6.83%	1,531,070
Bills payable	**-**	**-**	6.66%	216,000
Interest rate swaps (notional principal amount)	**3.77%**	**(880,000)**	7.86%	(370,000)
Interest rate caps (notional principal amount)	**-**	**-**	7.16%	(550,000)
Interest rate collars (notional principal amount)	**-**	**(600,000)**	-	-
Net exposure to cash flow interest rate risk		**394,948**		708,503
Fixed rate instruments:				
Secured notes	**-**	**-**	11.21%	315,000
Net exposure to fair value interest rate risk		**-**		315,000

An analysis by maturities is provided under liquidity risk on the following pages.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Group sensitivity

Based on the Group outstanding floating rate borrowings and interest rate swaps and collars at 30 June 2012, 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.
A decrease in interest rates of 1% would activate the collar floor rates which is included in the analysis below.
This analysis assumes that all other variables remain constant.

	Net profit		Reserves		Equity	
	2012	2011	**2012**	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
If interest rates were 1% higher with all other variables held constant:						
(Decrease)/increase	**(2,473)**	(9,560)	**7,121**	2,590	**4,648**	(6,970)
If interest rates were 1% lower with all other variables held constant:						
Increase/(decrease)	**8,851**	9,632	**(15,453)**	(2,590)	**(6,602)**	7,042

(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:

	2012	2011
	$'000	$'000
Receivables:		
Foreign exchange receivables and forward contracts	**12,382**	14,182
Payables:		
Foreign exchange payables and forward contracts	**(12,512)**	(14,656)
Net exposure	**(130)**	(474)

Group sensitivity

Based on the Group's financial instruments held at 30 June 2012, had the Australian dollar weakened/strengthened by 10% against the US dollar, Euro, UK pound and New Zealand dollar, with all other variables held constant, the Group's equity and after tax profit for the year would not have changed significantly (2011: no significant impact). The analysis was performed on the same basis as 2011 and ignores any impact of forecasted sales and purchases.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from credit exposures to customers, cash and cash equivalents and derivative financial instruments.

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

The Group's only significant concentration of credit risk is the receivable balance due from its main magazine distributor of $21,297,000 (2011: $28,510,000). The debtor has no history of bad debt and adheres to credit terms on a monthly basis.

For further information on credit risk refer to note 9.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

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

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

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flow and monitoring the Group's liquidity reserve on the basis of these cash flow forecasts.

Financing arrangements

As disclosed in note 19, the Group has syndicated bank facilities which contains debt covenants. A breach in covenants may require the loan to be repaid earlier than indicated in the below table.

At the end of the reporting period the Group held short dated deposits of $50,000,000 (2011:$28,510,000) that are readily available to generate cash inflows for managing liquidity risk.

Maturities of financial liabilities

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

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

	Less than one year $'000	Between 1 and 5 years $'000	Total contractual cash flows $'000	Carrying amount - liabilities $'000
At 30 June 2012				
Non-derivative financial liabilities				
Trade and other payables	305,637	32,849	338,486	367,457
Unsecured loans	122,996	2,279,546	2,402,542	1,929,799
Total non-derivatives	428,633	2,312,395	2,741,028	2,297,256
Derivative financial liabilities				
Net settled interest rate swaps and collars	1,931	1,585	3,516	11,250
Gross settled forward foreign exchange contracts - cash flow hedges:				
- (inflow)	(12,382)	-	(12,382)	-
- outflow	12,512	-	12,512	131
Total derivatives	2,061	1,585	3,646	11,381
Total financial liabilities	**430,694**	**2,313,980**	**2,744,674**	**2,308,637**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

	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**

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.

Fair value measurement

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.
The carrying amounts of financial instruments disclosed in the statement of financial position approximate to their fair values.
AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The only assets or liabilities measured and recognised at fair value are the assets/liabilities recognised in relation to interest rate cash flow hedges and foreign exchange cash flow hedges amounting to $11,381,000 (2011: $6,147,000). The fair values of these derivatives (classified as level 2 in the fair value measurement hierarchy) are measured with reference to forward interest rates and exchange rates and the present value of the estimated future cash flows.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Capital consists of ordinary shares, convertible preference shares and retained earnings of the Group. The Board of directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's net debt to adjusted equity ratio at the reporting date was as follows:

	2012	2011
	$'000	$'000
Total Liabilities	**2,419,196**	2,576,333
Less: cash and cash equivalents	**(75,052)**	(118,567)
Net Debt	**2,344,144**	2,457,766
Total Equity	**2,619,393**	2,511,479
Amounts accumulated in equity relating to cash flow hedges	**4,392**	58
Adjusted equity	**2,623,785**	2,511,537
Net debt to adjusted equity ratio	**89%**	98%

There were no changes in the Group's approach to capital management during the year.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

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

	2012	2011
	$'000	$'000
Reconciliation of cash at the end of the year (as shown in the Consolidated Statement of Cash Flows) comprises:		
Cash at bank, on hand and at call	**75,052**	118,567
Total cash and cash equivalents at the end of year	**75,052**	118,567

Reconciliation of operating profit after tax to net cash provided by operating activities		
Profit for the year after tax	**226,889**	115,122
Non-cash items		
Depreciation and amortisation	**201,511**	63,304
Net gain on sale of non-current assets	**(227)**	(73)
Employee benefits expense – share-based payments	**582**	68
Dividend received from equity-accounted investees less share of profit of equity-accounted investees	**(2,751)**	(1,138)
Non-cash investment in associated entity	**-**	(1,249)
Movement in:		
Receivables	**(14,700)**	18,878
Inventories	**519**	(3,917)
Program rights	**(131,705)**	(40,837)
Other operating assets	**(4,024)**	1,223
Payables	**(42,310)**	(28,537)
Program liabilities	**10,731**	(413)
Provisions	**3,328**	1,858
Deferred borrowing costs	**(20,201)**	-
Other operating liabilities	**(1,519)**	(11,464)
Tax balances	**(10,158)**	28,120
Net cash inflow from operating activities	**215,965**	140,945

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

34. PARENT ENTITY FINANCIAL INFORMATION

Summary of financial information

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

	Parent entity	
	2012	2011
	$'000	$'000
Balance sheet		
Current assets	**98,324**	40,882
Total assets	**3,502,875**	2,538,901
Current liabilities	**363**	14,816
Total liabilities	**65,700**	21,618
Shareholders' equity		
Share capital	**2,656,017**	2,489,061
Reserves		
Asset revaluation reserve	**8,352**	8,352
Equity compensation reserve	**384**	(86)
Retained earnings	**772,422**	19,956
	3,437,175	2,517,283
Profit for the year	**1,033,345**	104,528
Total comprehensive income	**1,033,345**	104,528

Guarantees entered into by the Parent Entity

The Parent Entity has provided financial guarantees in respect of borrowings of a subsidiary amounting to $Nil (2011: $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 29.

Contingent liabilities of the Parent Entity

The Parent Entity did not have any contingent liabilities as at 30 June 2012 or 25 June 2011. For information about guarantees given by the Parent Entity refer above.

35. EVENTS OCCURRING AFTER THE REPORTING DATE

On 16 July 2012, Seven West Media Limited announced a fully underwritten 1-for-2 accelerated renounceable entitlement offer of new Seven West Media Limited shares to raise approximately $440 million. Approximately 333 million shares were issued at a price of $1.32. The net proceeds, after costs of approximately $433 million, together with existing funds were used to repay debt. The total amount of debt repaid was $441.5 million.

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

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2012

In the directors' opinion:

(a) the financial statements and notes set out on pages 54 to 109 and the Remuneration report in sections A to E in the Directors' report 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 30 June 2012 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 29 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 29.

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
21 August 2012

Independent Auditor's Report

TO THE MEMBERS OF SEVEN WEST MEDIA LIMITED

KPMG

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 consolidated statement of financial position as at 30 June 2012, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 35 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation 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(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independent Auditor's Report

TO THE MEMBERS OF SEVEN WEST MEDIA LIMITED

KPMG

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 the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 35 to 50 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Seven West Media Limited for the year ended 30 June 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Bruce Phillips
Partner

Sydney

21 August 2012

Company Information

Directors

KM Stokes AC - Chairman
ME Deaker
D Evans
DR Flynn
PJT Gammell
GT John AO
JC Reizes
RK Stokes
DR Voelte - Managing Director & Chief Executive Officer
SMC Walsh AO

Company Secretary

PJ Bryant

Registered Office

Newspaper House
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
Fax (08) 9323 2033

Auditors

KPMG
10 Shelley Street
Sydney NSW 2000

Stock Exchange Listing

Australian Stock Exchange

ASX code: SWM

Legal Advisors

Freehills
MLC Centre
Martin Place
Sydney NSW 2000

Clayton Utz
1 O'Connell Street
Sydney NSW 2000

Johnson Winter & Slattery
20 Bond Street
Sydney NSW 2000

Addisons
60 Carrington St
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 Registry's website.

THE CHESS SYSTEM

Seven West Media Limited operates under CHESS – Clearing House Electronic Subregister System – an Australian Securities Exchange system which permits the electronic transfer and registration of shares. Under CHESS, the company issues a Statement of Holdings to investors, instead of share certificates, and the statement will quote the Holder Identification Number (HIN). The HIN 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

FOR THE YEAR ENDED 30 JUNE 2012

The shareholder information set out below was applicable at 25 September 2012.

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	6,199
1,001 - 5,000	13,898
5,001 - 10,000	4,598
10,001 - 100,000	4,281
100,001 and over	247
	29,223

b) There were 1,974 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	313,156,527	31.34
National Nominees Limited	113,964,174	11.41
HSBC Custody Nominees (Australia) Limited	69,956,548	7.00
The Trust Company (Australia) Ltd <KKR Australia III A/C>	69,159,554	6.92
JP Morgan Nominees Australia Limited	56,736,229	5.68
JP Morgan Nominees Australia Limited <Cash Income A/C>	33,921,265	3.39
Citicorp Nominees Pty Ltd	20,139,354	2.02
The Trust Company (PTAL) Ltd <KKR Australia III Sub>	15,282,282	1.53
Neweconomy com au Nominees Pty Limited <CB Nominees Account>	11,061,971	1.11
BNP Paribas Noms Pty Ltd <Master Cust DRP>	9,748,869	0.98
AMP Life Limited	8,769,029	0.88
UBS Nominees Pty Ltd	7,319,721	0.73
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	5,792,948	0.58
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	5,636,874	0.56
Australian Foundation Investment Company Limited	4,436,845	0.44
BNP Paribas Noms Pty Ltd <SMP Accounts DRP>	3,309,009	0.33
QIC Limited	2,956,171	0.30
CS Fourth Nominees Pty Ltd	2,517,434	0.25
UBS Wealth Management Australia Nominees Pty Ltd	2,352,841	0.24
TCW Crescent Mezzanine Partners IV/IVB (Ireland) Ltd	2,002,370	0.20
	758,220,015	**75.89**

Shareholder Information

FOR THE YEAR ENDED 30 JUNE 2012

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	313,156,527	31.34
National Nominees Limited	113,964,174	11.41
HSBC Custody Nominees (Australia) Limited	69,956,548	7.00
The Trust Company (Australia) Ltd <KKR Australia III A/C>	69,159,554	6.92

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.

SEVEN WEST MEDIA