SEVEN WEST MEDIA
ABN 91 053 480 845

Delivering world class media content

Annual Report 2016

Leadership

Contents

X Factor host
Jason Dundas and judges
Adam Lambert, Iggy Azalea
and Guy Sebastian

We create great content and that is the foundation of leadership

We are now in our tenth consecutive year of leadership in broadcast television. Our success is built on great ideas and the content we create. This leadership will define our future across every communications platform.

Seven	**Pacific**
14.6 million	24.2 million
national average weekly audience reach	audience touch points
The West	**Yahoo7**
1.7 million	207 million
consumers across print and online every month	total streams during FY2016

MKR judges:
Manu Feildel, Pete Evans

Our Brands

We have the best-performing brands

We are a content company

Content is our beating heart. Our leadership is driven by our content and our engagement with our audiences.

We are Australia's leading multiple platform media company. We have a market-leading presence in broadcast television, magazine and newspaper publishing and online. And in a competitive and changing market, we are well placed to deliver leadership through the content we create across multiple digital platforms and devices.

We are the home of many of Australia's best performing media businesses – Seven, 7TWO, 7mate and 7flix, Pacific Magazines, West Australian Newspapers and Yahoo7, and the biggest content brands including My Kitchen Rules, The X Factor, Home and Away, Sunrise, the Australian Football League, the Olympic Games, Better Homes and Gardens, marie claire, New Idea, Who, The West Australian, Presto, and Plus7.

Seven is now creating more content than at any time in its history and is expanding its presence in international content production with the formation of two new international production companies: 7Wonder and 7Beyond. These two new businesses underline a key part of our strategy for today and in the future: the expansion of our leadership in the production of content.

The delivery of content through powerful storytelling is our competitive advantage. It is key to our long term success.

We continue to invest in new and innovative ways to better know and grow our audiences. We are developing and using new business models and leveraging our strong partnerships to generate data insights, content that resonates and integrated client focused advertising and e-commerce solutions.

We reach audiences everywhere. Our objective is to dramatically expand the value of our content everywhere.

Our media businesses

Television

Seven is Australia's most-watched broadcast television platform. Seven continues to lead in primetime, building on its market-leading performance over the past ten years. The network is expanding its presence in media, driving its leadership in the creation of content and delivering that content anywhere, anytime to the biggest audiences. The company is expanding its presence in the further delivery of its video and publishing content beyond its digital broadcast channels and across an array of platforms, specifically Plus7. Seven has also secured a presence in subscription video on demand through its Presto joint venture with Foxtel.

Importantly, we see our strengths in production as a major part of our future. 7Productions is the largest producer of content in Australia. This year 7Productions created, commissioned and produced over 670 hours of content and is recognised as a leader in the production of scripted, entertainment, reality, observational documentaries and children's programming. We continue to expand our production, via Seven West Media's existing partnerships in 7Beyond, and 7Wonder, which continue to provide innovative new local and international commissions.

We have developed significant long-term partnerships with the Australian Football League and the International Olympic Committee. We have also

We are Australia's leading multiple platform media company. We have a market-leading presence in broadcast television, magazine and newspaper publishing and online.

secured the Rugby League World Cup to be played in Australia, New Zealand and Papua New Guinea in 2017 and the Commonwealth Games on the Gold Coast in 2018. These agreements confirm our objective: to deliver the biggest events to the biggest audiences and drive our leadership across broadcast television and the delivery of our content across connected devices. As new forms of content delivery fragment the market, television will remain the centre of mass audience reach. We believe reaching mass audience will be highly sought after in a fragmenting world.

Recognising fragmentation of audiences and changes in viewing consumption, we have extended our content onto new platforms with new delivery models. Our content windowing strategy now extends beyond the linear television experience to advertising video on demand, subscription and social platforms.

We have the content, the platforms, the client partnerships, and capabilities to leverage new technology, and we will use the power and marketing muscle of our media assets to promote our presence on new platforms such as 7Live and Plus7 streaming. This multi-platform approach will deepen our content offering to consumers and allow for e-commerce, brand extensions and a more complete media and entertainment experience.

Publishing

Our core objective is to lead in the creation and dissemination of content relevant to Australians. This is key to our ongoing development of our publishing business and brands. Newspapers and magazines are relevant today and into the future. Our titles are out-performing their peers in readership and circulation, we are building share through new online platforms, and we are being reactive to the changing landscape.

Our magazine brands continue to transition beyond print into social media, digital video, e-commerce and live events. Examples of this strategy were the launch of BEAUTY/crew, Styled by marie claire, foodiful.com.au, pepperleaf.com, allrecipes.com.au and myweddings.com.

The West Australian and Channel Seven Perth newsroom is an engine for video content production. Our news team's digital offering is growing and its unique local voice and point of difference is being leveraged across innovative new platforms such as The Game (AFL Fantasy), the first of many designed to engage our readers and advertisers across key verticals such as Health, Wealth and Travel.

Digital

We are growing, integrating and investing in digital. This year, Seven started live streaming via 7Live and Plus7. With the launch of 24/7 online streaming, we have fundamentally changed the way we monetise and grow our audience with Yahoo7, the home of Plus7, our market-leading advertising video on demand service (AVOD).

Yahoo7 remains one of Australia's most popular online destinations and provides a key window to monetise content created in the TV and publishing businesses. AVOD provides our audiences with greater access to our content and digital exclusives, and our clients with a highly targeted environment to get their marketing messages across to consumers.

Content is the lifeblood of our business and it is content that will "future proof" our business. That is why we continue to invest in content and why we strive to make Seven West Media the home of the most creative people and ideas. Our content is king and our delivery platforms and integrated sales solutions are the king makers.

Other Business & New Ventures

It has been a significant past twelve months as the company expands its presence in new businesses beyond its core strengths in media. Three years ago we embarked on a strategy to invest in early stage businesses where we believe we can use the power of our assets to help them grow. We have targeted key adjacent verticals across Health, Wealth, Home and Lifestyle. The majority of businesses are consumer facing, given this is where we can add material strategic value. We now have a number of exciting businesses that we believe will provide a platform for future growth. Our portfolio of companies now includes Airtasker (local trades and services marketplace), SocietyOne (peer-to-peer lending), HealthEngine (health service marketplace), Newzulu (UGC content management), Nabo (social network), Starts at 60 (online community for a 60+ audience) and MediaBeach (News Exchange Platform). We continue to assess and look for new compelling early stage businesses to drive long term shareholder value for Seven West Media.

Our Strategy

Our future is well-defined. We will create the best content. We will develop new partnerships and driving our future will be our commitment to deliver the most engaging connections with our audiences.

Maintained leadership

and strengthened our future position

#1 Live streaming

broadcaster in Australia

Expanded content production

capabilities globally

New Digital Investments

leveraging the power of Seven West Media's assets and reach


#GOPIES
LIVE AND FREE
7

Our Strategic Framework

Powerful storytelling is at the core of our business, attracting audiences and driving engagement that we monetise across our assets.

Our market-leading premium content production is a unique differentiator in this market, one that positions the business strongly in its transformation for the future.

Content accessibility and availability for consumers continues to grow, predominantly driven by greater connectivity. This is also driving increased consumption of content, particularly video and increasingly on mobile. As Australia's leading premium content company, these changes provide a significant opportunity. We are already capitalising on this. Our premium content production presence has expanded globally and we are increasingly producing content for other television networks.

As the media landscape continues to evolve, Seven West Media is leading the local market in transforming to these changes. A fundamental strategic focus for all of our businesses has been making our content available, anywhere, anytime and on any device and importantly where it can be incrementally monetised. These initiatives build on the mass audiences delivered by broadcast television, newspapers and magazines.

Our strategy is based on the three pillars we first outlined in 2013:

- Maintaining leadership in our businesses. We will accomplish this wherever possible, through content we own or control.
- Redefining the operating model so we can be leaner and more agile to changes in our operating environment but importantly without ever compromising the quality of our content.
- Fuelling new growth by monetising our content in new ways and building new digital businesses that use the power of our media assets and their audiences to build category leadership.

The group delivered on a broad range of strategic initiatives aligned to our strategy in this financial year. Our strategy is regularly tested and refined to ensure that our approach positions the company strongly for the next five years.

Strategic Framework

1. Maintain Leadership
2. Redefine the Operating Model
3. Fuel New Growth

On the set of Sunrise with Natalie Barr, Sam Armytage, David Koch and Mark Beretta

Our Performance Dashboard

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

1.

Maintain Leadership

Milestones achieved

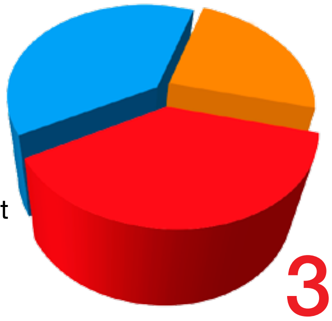
- #1 share of TV advertising market for revenue and ratings
- 12 of the Top 20 regular programs in FY16 on Seven
- Seven News secures #1 position
- #1 Commercial AVOD catchup service with over 207m total streams (Yahoo7)
- Increased magazine advertising revenue share vs leading peer
- The West circulation trends continue to outperform peers

Focus for FY17

- Unprecedented delivery of the Olympics across all the viewing platforms
- Launch new formats and productions out of the Olympics
- Leverage key programming investments to build on leading position
- Monetise strong audience performance

#1

Delivered market-leading share of the TV advertising market



39%

2.

Redefine the Operating Model

Milestones achieved

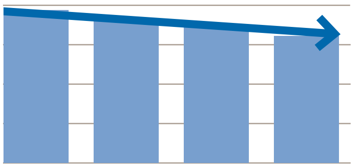
- Underlying operating costs down 1.6%
- Launched live streaming 24/7 across all channels (Plus7), delivering over 65m streams to date
- Secured reduction in FTA license fees
- Pacific commenced portfolio realignment
- Proposed acquisition of Sunday Times and perthnow.com.au (subject to ACCC approval)

Focus for FY17

- Ongoing focus on extracting greater operating efficiencies
- Seeking further reductions to licence fees
- Renegotiate international content deals
- Drive greater utilisation of content across assets

1.6% decrease

in operating costs from FY15



3.

Fuel New Growth

Milestones achieved

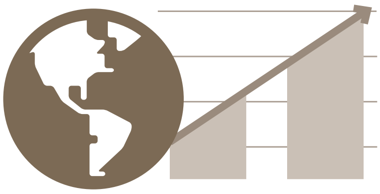
- Program sales and 3rd party productions delivers 92% revenue growth
- Increased internal production hours to 750
- Launched new channel – 7flix
- RED Live events – strong result from Royal Edinburgh Military Tattoo
- Pacific launches six new digital services and ecommerce platforms
- Expanded the West's live events and travel offering
- New digital investments, Airtasker, Starts at 60, SocietyOne, Newzulu

Focus for FY17

- Expanding content production capabilities domestically and overseas
- Deliver further innovations in the digital delivery of our content
- Identify and invest in new digital investments that can benefit from the power of SWM's assets

92% growth

Delivered in content sales



Letter from the Chairman

Welcome to our annual report for shareholders.

We live in a time of constant change, and in an industry where the challenge of change is a constant, accelerating dynamic.

It has been a tough twelve months across media, as it has been for a number of other industries facing disruption and difficult trading conditions. Consumer confidence has also been impacted and this has affected advertising demand.

While change and disruption are challenging and uncomfortable, they do present opportunities, and the underlying strengths of our media businesses provide the framework for the future development of your company.

We have maintained our market-leading presence in broadcast television as well as newspaper and magazine publishing. Online and new forms of content delivery are now the cornerstones of our future and we are seeing significant growth in our audiences and users and revenue.

Much has been done over the past twelve months on accelerating our media presence and securing our leadership. Much has been undertaken over the past twelve months in changing how we do business: in particular building our creative content, managing our costs and driving greater synergies across media businesses.

Critically, we are committed to continue to drive home our leadership in the creation of content that Australians are seeking.

We have taken the lead in the delivery of our television content beyond the television screen. We are making significant moves into the delivery of our content beyond broadcast television and publishing into new forms of content delivery and engagement with our audiences across any device. We are undertaking these developments with a keen focus on our future and how we continue to engage with all Australians and connect our audiences with our advertising and marketing partners.

We have also made significant progress in taking our leadership in the creation and production of television programmes for international markets with the formation of 7Wonder and 7Beyond. The success of these two businesses provide us with the confidence to dramatically expand our presence in the production of new television content in international markets over the coming twelve months.

Your company is also transforming its publishing presence. The West continues to deliver a strong performance and its integration with Channel Seven Perth has set the framework for the future growth and presence of that business in Western Australia. Pacific Magazines continues to innovate and deliver a strong performance in a competitive and tough market, creating its future into new digital applications for its market-leading brands.

Leading your company's development is Tim Worner. Tim and his management team are leading the company in a time of remarkable change. It is a time of structural change and he and his people are ensuring your company's continuing success as it builds on its leadership as Australia's best-performing integrated media company.

The perception of the media landscape tends to focus on structural change without looking at the opportunities created through this change.

We believe in the future of our media businesses and their extraordinary ability to adapt and create new opportunities to connect with our audiences. We are pursuing growth through taking our audiences into new forms of delivery of our content, and driving greater revenue opportunities for your company. We are also further advancing our partnerships with our clients across each of our platforms.

Our Olympic Games coverage provides a clear indication of these opportunities in driving growth in engagement with our audiences and creating new partnerships with our marketing clients.

The past twelve months has seen our businesses build on their leadership. Much has also been done to put in place structures that allow us to manage our costs, drive greater efficiencies, and importantly bring our media businesses together as "one company".

In this annual report, we outline the strategy for our future. It is an exciting future. We have the people. We have the structures. And, we have our acknowledged leadership in content creation.

We are looking forward to the coming twelve months as Seven West Media moves to the next level in its development as a leading integrated media company across broadcast television, publishing and online and new forms of content delivery. We are focused on leadership, delivering the best operating margins and accelerating our presence in the Australian market and increasing the presence of our content creation skills in international markets.

Your board and management are committed to building shareholder value and ensuring the future growth of the company.

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

Kerry Stokes

Kerry Stokes AC
Chairman

We are committed to expanding Seven West Media's market-leading presence as Australia's best performing integrated media company.

Letter from the Managing Director & CEO

This has been a great year in the continued development of our company.

Our leadership in broadcast television, our expanding presence in content creation and the transformation of our publishing brands is delivering results. We have built an extraordinary platform and we intend to take advantage of what is now a rapidly changing communications landscape.

While much has been done over the past twelve months to define your company's future, there is no doubt more is to be done. We are driving the transformation of our company. We are building our future through content, specifically our acknowledged leadership in creating and acquiring content that engages huge audiences. We call it powerful storytelling. Our strategy and objectives and how we will use our strengths in content to build our future is detailed in this annual report. And over the coming twelve months, you will see more examples of this strategy in action.

The Olympic Games in Rio is the next step in that development. The Olympic Games exemplify the direction of our company. We are rapidly growing our already significant online presence and will soon unveil plans for the further delivery of our video and publishing content across an array of platforms. This will allow us to strengthen our broadcast television business and extend to one-on-one communications with our mass audiences. We take great pride in our partnership with the Olympic Games and the key role it will play in driving home our leadership across our media platforms and deepening that connection with our audiences.

Our drive to take our content beyond broadcast television has already moved to a new level over the past twelve months with the streaming of our market-leading broadcast television networks live to any device. This complements our moves into video on demand where we have established what is the leading commercial catch up service in Australia; Plus7.

It is no coincidence that in our broadcast television business, we are now in our tenth consecutive year of leadership in primetime. And our undeniable ratings dominance sees Seven securing a market-leading share of the television advertising market. This is our eleventh consecutive year of writing more advertising revenue than any other television network. We are now focused on building on that leadership in both audience delivery and share of advertising revenue.

At the very heart of this success is the content we create. And we are rapidly growing our capacity to create content in international markets with 7Wonder in the United Kingdom and 7Beyond in the United States. Both these companies are delivering significant commissions, including the breakthrough productions of My Kitchen Rules in the United Kingdom and the United States. We will expand our presence even further in international markets over the next twelve months.

And this focus on content extends to our publishing assets. These businesses are brands with compelling and engaging content. Both The West and Pacific continue to transform their efforts beyond the pages of a magazine or a newspaper and across digital, social media and events. Both businesses have put in place the cornerstones for their future and both provide a clear indication of how we are developing as "one company" harnessing the power of all our media assets used simultaneously.

Our leadership across various media, our drive into new technologies and the delivery of our content to our audiences wherever they may be is all happening in a market that is undergoing rapid transformation. It is also undeniably a challenging market. And we are meeting that challenge as we continue to redefine how we operate. We are focused on our structures and our costs and we are transforming the way we work.

We are also focused on building our company using the reach and promotional power of our media assets. In this annual report we outline a number of key initiatives beyond our media businesses. These investments – in companies such as SocietyOne, Starts at 60, Airtasker, Newzulu and Health Engine share a common thread: they provide opportunities for growth. We plan to continue to invest in ventures that are well-managed and provide us the opportunity to use audience to build brands and ultimately, shareholder value in Seven West Media.

Our commitment to creating and owning our content drives this company. Digital content engagement is at the core of the future. As is the creativity of our people across all our businesses. Our people ensure our success.

This has been a positive year for your company. We have made significant moves in content creation, transformed our business structures, and delivered leadership across our media businesses. We have also created new opportunities to build our business.

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

Tim Worner
Managing Director & CEO

Our undeniable ratings dominance sees Seven securing a market-leading share of the television advertising market.

Creating our future

Cate and Bronte Campbell are on a journey. It is a journey to compete at the highest levels in swimming. It is a journey we will follow. Their commitment reflects ours to the Olympic Games. The Olympic Games have defined the development of our business since the first days of television. The Olympic Games will continue to define our business over the coming decade.

Performance of the Business

Operating and Financial Review
for the year ended 25 June 2016

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

Seven

10th year

of consecutive ratings leadership

Pacific

174% audience growth

Seven's digital audience expands dramatically

The West

Engaging 70%

of West Australians every month

Digital

Plus7 #1

commercial catch up service in market

Seven's new hit 800Words, starring cast Erik Thomson, Melina Vidler and Bensen Jack Anthony

Group Performance

Key Highlights

Underlying net profit after tax of

$207.3 million

(excluding the impact of significant items after tax)

Total operating

costs reduced by 1.6%

12.2 cents

Basic EPS

Group debt leverage ratio of

2.0x

58% full year dividend payout ratio

on underlying net profit after tax

Strong operating cash flows (before interest and tax)

$274.7 million

Summary Financial Performance

	FY16 $m	FY15 $m	Change %[3]
Revenue	1,720.5	1,770.4	-2.8%
Other income	6.1	0.9	580.9%
Share of net (loss)/profit of equity accounted investees	(12.8)	3.4	-476.5%
Revenue, other income and equity accounted profits	1,713.8	1,774.7	-3.4%
Operating expenses excluding depreciation and amortisation	1,350.3	1,367.7	-1.3%
EBITDA[1]	**363.5**	**407.0**	**-10.7%**
Depreciation and amortisation	45.4	50.7	-10.4%
EBIT[2]	**318.1**	**356.3**	**-10.7%**
Net finance costs	37.8	60.7	-37.8%
Profit before significant items and tax	**280.3**	**295.6**	**-5.2%**
Significant items excluding tax	32.9	2,122.8	-98.4%
Profit/(Loss) before tax	**247.4**	**(1,827.2)**	**113.5%**
Tax expense	63.1	60.2	4.8%
Profit/(Loss) after tax	**184.3**	**(1,887.4)**	**109.8%**
EBITDA margin	21.2%	22.9%	
Basic EPS[4]	12.2 cents	-181.1 cents	
Basic EPS excluding significant items net of tax	13.7 cents	20.1 cents	
Diluted EPS[4]	12.2 cents	-181.1 cents	
Diluted EPS excluding significant items net of tax	13.7 cents	16.0 cents	

1. EBITDA relates to profit before significant items, net finance costs, tax, depreciation and amortisation.
2. EBIT relates to profit before significant items, net finance costs and tax.
3. Change percentages are calculated on whole dollars and not the rounded amounts presented.
4. Statutory EPS and diluted EPS for June 2015 does not assume conversion of the CPS as this would have an anti-dilutive effect on EPS. The CPS was fully converted in 2015.

Reconciliation of EBIT to statutory profit before tax

	FY16 $m	FY15 $m	Change %[3]
EBIT	**318.1**	**356.3**	**-10.7%**
Net finance costs	37.8	60.7	-37.8%
Significant items excluding tax	32.9	2,122.8	-98.4%
Profit/(Loss) before tax	**247.4**	**(1,827.2)**	**113.5%**

Seven West Media Limited reported a statutory net profit of $184.3 million for the year ended 25 June 2016. This compares to the previous corresponding year statutory net loss of $1,887.4 million (including significant items). Excluding significant items, the current year profit after tax of $207.3 million is down 0.9 per cent on the previous year profit of $209.1 million.

Significant items of $32.9 million relate to restructuring costs. Prior period significant items of $2,122.8 million included the impairment of intangibles and equity accounted investees, restructuring costs, impairment of onerous contracts and transaction costs in relation to the conversion of convertible preference shares.

The group delivered revenue of $1,713.8 million, down 3.4 per cent versus the previous year. Excluding share of net loss of equity accounted investees, revenue is down 2.5 per cent. Profit before significant items, net finance costs and tax (EBIT) of $318.1 million was down 10.7 per cent on the previous year. A fully franked final dividend of 4 cents per share has been declared and will be paid in October 2016 (2015 final dividend: 4 cents per share fully franked).

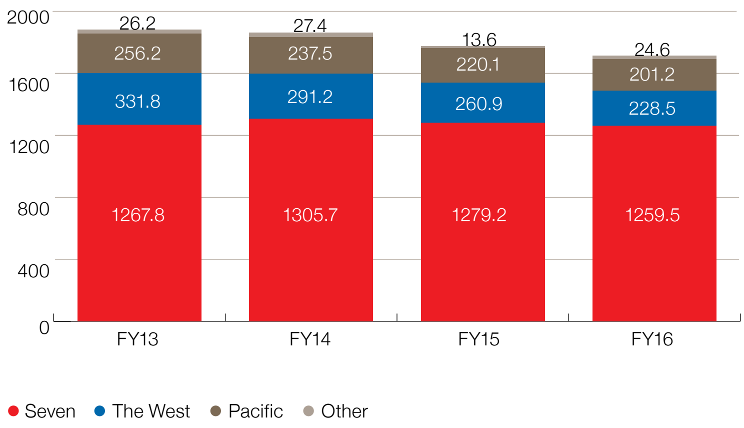
Advertising Market and Revenue Performance

The Australian advertising market grew by 3.4 per cent in the financial year to 30 June 2016, based on SMI data. During this time Seven West Media continued to build on its momentum in reaching audiences, allowing for the consumption of Seven's content anytime, anywhere and on any device. In addition to its strong position in its traditional markets, these moves provide the group with further opportunities to capture share of advertising in digital, social and online video as well as live streaming, all of which are growing revenue streams.

Metropolitan television advertising decreased 2.0 per cent in the same period, based on Free TV data. Seven captured 38.9 per cent share of advertising in the metro market, marking a decade of revenue leadership. In the 6 months to June 2016 Seven secured 39.2 per cent share of metro advertising revenues. The trend in print advertising markets eased during the current year. SMI reported a decline of 14.6 per cent in Newspapers. The West Australian Newspaper reported a decline of 16.5 per cent exacerbated by current economic challenges in that state. The magazine advertising market declined 15.7 per cent based on SMI data. Pacific grew share versus its largest competitor, but recorded a revenue decline of 16.8 per cent, which was partly impacted by the rationalisation of its portfolio.

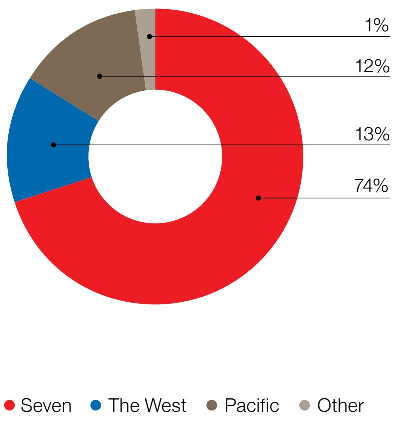
Advertising market growth in digital continued with an increase of 18.7 per cent. Seven West Media recorded digital revenue growth of 55.6 per cent excluding Yahoo7. Yahoo7 experienced strong growth in native and video advertising but was impacted

Revenue ($m)



Revenues shown in charts above exclude Corporate revenues

Revenue as a % of Group



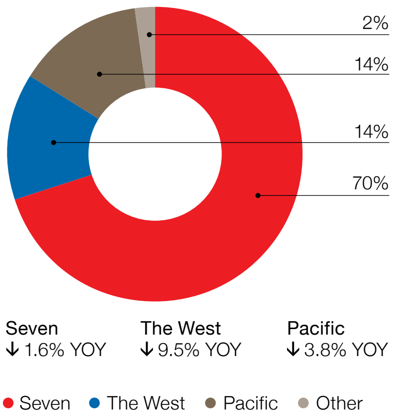
by softer conditions in display. Seven West Media continues to develop new technologies both in the delivery of content and advertising value to enhance the revenue proposition for future years.

Group revenue of $1,713.8 million was 3.4 per cent lower than the prior year with advertising revenue of $1,262.4 million and other revenue of $451.4 million. Television revenue now represents 74 per cent of group revenue.

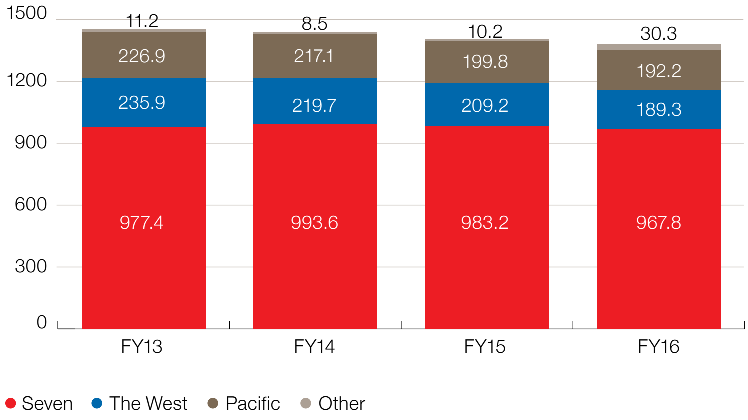
Cost Management

The group has continued to deliver strong operational results while significantly transforming the operating model. This disciplined cost approach has resulted in a reduction of operating costs of 1.6 per cent to $1,395.7 million. These savings have been achieved while also undertaking incremental investment in new growth initiatives across the Group. Seven, The West and Pacific recorded year-on-year cost reductions of 1.6 per cent, 9.5 per cent and 3.8 per cent respectively.

Percentage of Total Costs



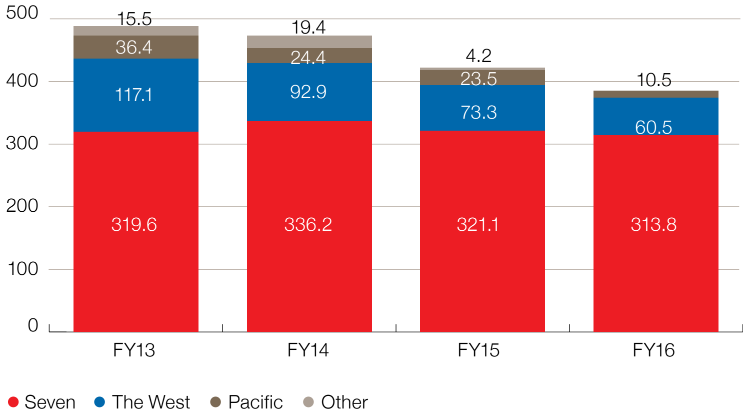
Operating Costs ($m)



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

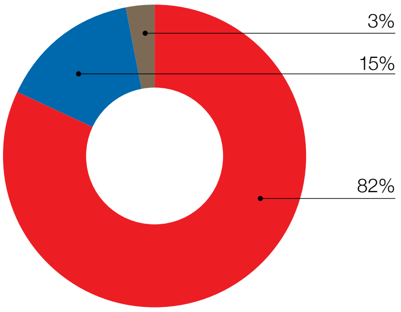
Over the past twelve months, we have reduced debt, strengthened our balance sheet and invested in key businesses that will define our future.

EBITDA ($m)



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

Percentage of Total EBITDA



Winners of House Rules 2016 Luke and Cody, August 2016 issue of marie claire, cast of A Place To Call Home, Jessica Mauboy in The Secret Daughter

EBITDA and Operating Margins

Seven West Media delivered EBITDA of $363.5 million, 10.7 per cent lower than the prior year with an EBITDA margin of 21.2 per cent. Market leading EBITDA margins were retained through Seven's EBITDA margin of 24.9 per cent and The West's EBITDA margin of 26.5 per cent. Pacific's EBITDA margin was 5.2 per cent. Seven's EBITDA, which includes its production business, now accounts for 82 per cent of total group EBITDA.

Balance Sheet

At 25 June 2016 Seven West Media had net assets of $1,252.5 million. Group net debt has reduced to $716 million. With 2x net debt/EBITDA and 11x interest cover, the group continues to track well below its debt covenant ceilings (4x net debt/EBITDA and 3x interest cover). Acquisition of content rights and other capital investments, including a number of investments in vertical business models have impacted net debt. During the year net assets increased by $57.5 million.

Review of Businesses

A summary of the performance of Seven West Media's key business units for the year ending 25 June 2016 is set out in the following pages.

Seven

Seven is now in its tenth consecutive year of market leadership in broadcast television. In the current television year, Seven dominates in total audiences and in every key audience demographic: 16–39s, 18–49s and 25–54s.

Wanted starring cast
Rebecca Gibney,
Geraldine Hakewill and
Steve Peacocke

Seven is the largest Australian producer of premium video content. Building its dominance in television, Seven is also establishing new platforms and distribution models to monetise its content through video on demand, live streaming, subscription television and social media.

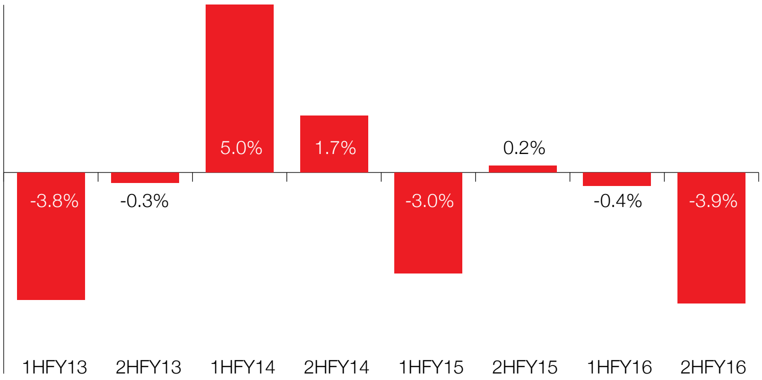
Content production across the group has increased over the last 12 months to 750 hours, with revenue from finished program sales and 3rd party productions up 91.9 per cent over the same period. Building on this success, Seven has extended its presence internationally and is currently progressing new production ventures in other territories. These will add to Seven's existing portfolio including 7Productions, 7Wonder and 7Beyond.

Locally, Seven continues to focus on the production and acquisition of premium content. The benefit of this sustained strategy is now more apparent than ever, with this year marking a decade of dominance in ratings leadership. This calendar year the Seven Network has enjoyed the best start to a ratings year on record, winning 15 weeks with historic record shares in key demographics (OzTam).

Seven's tentpole franchises including My Kitchen Rules and House Rules continue to lead in ratings. Seven has developed new productions and has secured new programming to launch out of the Olympics in FY17. Since the start of the 2016 ratings period, Seven has re-established itself as Australia's number one news broadcast service. The new online VPM measurement system has also confirmed Seven as the number one commercial live streaming and AVOD catch-up service.

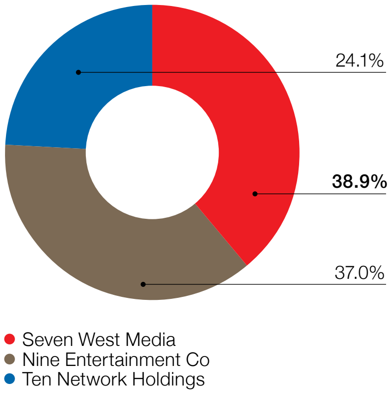
Seven's revenue decreased 1.5 per cent and program sales and production revenue increased 91.9 per cent. Seven maintained its prudent cost approach with total costs decreasing by 1.6 per cent compared to last year, delivering EBITDA of $313.8 million, down 2.3 per cent on the prior year with a FTA market leading EBITDA margin of 24.9 per cent. EBIT (Profit before significant items, net finance costs and tax) decreased 1.4 per cent to $291.7 million. This represents 87 per cent of group EBIT, excluding corporate costs (FY15: 80 per cent).

Metro Free-To-Air Ad Market Growth/(Decline)



Source: KPMG Free TV, 12 months to June 2016

Metro Free-To-Air TV Ad Revenue Market Share



Source: KPMG Free TV, 12 months to June 2016

Audience

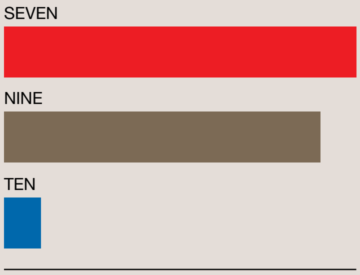
Seven is Australia's most-watched broadcast television platform. Key highlights for the year include:

- Seven won more weeks and more primetime nights than any other network. For the financial year, Seven won 27 of 46 weeks and 15 of 20 weeks for the calendar year to date
- Seven delivered the largest ratings lead ever during the 6 months to June 2016 – both in total people and every key demographic. Seven led by 3.9 percentage points for the first half of the 2016 calendar year (ratings weeks) with significant improvements across the East Coast.
- Plus7 is the number 1 catchup service based on unique audience, and is the number 1 app within the entire broadcast media category based on unique audience (Nielsen Digital Ratings Monthly, Unique Audience – Broadcast Media (App) June 2016)
- Seven was the first to market with 24/7 live streaming in November 2015, with over 14 million live streams since launch (November to June)
- Seven continued to deliver the most-watched regular series on commercial television with 12 of the top 20 regular programs. Seven also led in event television ratings with 10 of the top 20 television shows for the financial year.
- Seven launched a fourth broadcast channel, 7flix, in February 2016, which has already secured a regular 2.8 per cent ratings share.

We are number 1

- Primary channels and combined multi-channel audiences
- Primetime and breakfast audience
- Watched regular program
- Commercial catchup service

Top 20 regular programs



Financial Performance: Television

	FY16 $m	FY15 $m	Change %
Revenue			
Advertising	1,053.1	1,118.1	-5.8%
Affiliate fees and other	118.8	115.5	3.0%
Program sales and third party productions	87.6	45.6	91.9%
Total Revenue	**1,259.5**	**1,279.2**	**-1.5%**
Costs			
Revenue variable costs	61.5	80.4	-23.6%
Depreciation and amortisation	22.1	25.2	-12.2%
Other costs	884.2	877.6	0.8%
Total costs	**967.8**	**983.2**	**-1.6%**
EBIT	**291.7**	**296.0**	**-1.4%**

Seven dominates television with My Kitchen Rules as the number one programme on television and the development of key new franchises.

Content

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

Seven continues to lead in the reality television genre with My Kitchen Rules and House Rules. In addition, Seven launched new reality titles in the 2016 calendar year, including First Dates and Seven Year Switch which both enhanced the demographic profile and ratings performance of the network.

In drama, Home & Away continues into its 28th season and is regularly included in the top 20 rated programs every weeknight. Home & Away is the dominant catch up television program across all networks and has delivered total audience growth in 2016. Seven's commitment to drama resulted in further success this year with 800 Words, Wanted as well as drama mini-series successes Molly and Peter Allen: Not the Boy Next Door.

Seven's demonstrated ability to develop and produce quality content has driven 91.9 per cent growth in program sales and 3rd party productions for the financial year, to $87.6 million. Seven's production of series 4 of A Place to Call Home (for Foxtel) attracted 5 Logie nominations this year. The production slate for 7Wonder and 7Beyond continues to grow; securing commissions from the BBC, ITV, Channel 4 and SkyOne. 7Beyond recently commenced production of a US series of My Kitchen Rules. Local versions of MKR are now being produced in Norway, Belgium, UK, Canada, Serbia, Denmark, New Zealand and Lithuania. Seven also announced its investment in Beat Bugs, a children's program featuring The Beatles catalogue which has been commissioned by Netflix. Underpinning Seven's commitment to content has been a number of senior management appointments with a mandate to expand the production and distribution of content globally.

91.9% growth

in program sales and 3rd party productions for the financial year, to $87.6 million.

Samuel Johnson as Molly, Ky Baldwin as young Peter Allen in Peter Allen: Not the Boy Next Door

Seven's long-term sports partnerships with the AFL and the International Olympic Committee form a cornerstone of a long-term strategy to build audiences and revenues.

Sport

Live sport is a key pillar in Seven's content strategy. In this financial year, Seven has built on its commitment to live sport, including:

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

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

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

Technology and mobile

Seven remains the leading media company in delivering video content across multiple platforms. Seven's content is available to its viewers anytime, anywhere and on any device. Over the past 12 months the Seven Network has firmly established its credentials in the digital space, successfully delivering a number of new market first initiatives, expanding the availability of content to Australian audiences.

Plus7, our catchup TV service, is a clear leader in the industry consistently dominating the Top 10 weekly catch up shows since the commencement of VPM ratings in February (OzTam VPM ratings 2016).

Since the launch of Seven's live streaming platform, 7Live, the Seven Network has led the market with all of its channels available anywhere and on any mobile device, with over 14 million live streams. Building on this success, Seven's Rio coverage is set to be the largest distribution of live sport ever seen in Australia. Our Olympic app will deliver up to 36 separate channels of live sport to Australian audiences. These achievements demonstrate the Seven Network's capability and strategic focus to adapt to the future of content consumption.

Over 14 million live streams

Since the launch of Seven's live streaming platform, 7Live

Australia's Olympic Network

Platform

Mobile App
(iOS & Android)
Tablet App
(iOS & Android)
Responsive Website
Freeview+
Telstra TV
Apple TV
Nielsen DRM data

Live & Free

7
7TWO
7mate
7flix
PLUS 7
Olympic Games News

Video on Demand

Broadcast Highlights
Event Archives
Event Highlights

Subscription

36 Live Additional Channels
SVOD
Selective HD Streaming

Social Video

7 SPORT
7 NEWS
You Tube
f
t

The West

Our deep connection with the people of Western Australia moves to a new level with the integration of The West and Seven and our focus on delivering our content across any device.

The West Australian is one of the nation's strongest metro newspapers with 70 per cent of the WA population (14+) accessing its content each month. Its online news site is the top performing site in WA and that strength is now being extended into new engaged social audiences and e-commerce opportunities.

Notwithstanding both the continuing economic challenges in the state and the structural challenges faced by traditional print media, The West Australian continues to outperform both its Perth media peers and its East Coast publishing peers in terms of market penetration. In FY16, The West Australian again delivered strong circulation numbers, with audited circulation numbers of 156,128 from Monday-Friday and The Weekend West at 259,637, both numbers being the 11 month average ending May 2016.

The average daily readership for Monday-Friday was 618,000 with The Weekend West at 632,000 (emmaTM conducted by Ipsos MediaCT, people 14+ for the 11 months ending May 2016). The West maintains its position as one of the strongest performing newspapers in the country. Over 1.6 million people will access the publication either in print or online via website, tablet and mobile every month (emmaTM conducted by Ipsos MediaCT for the 11 months ending May 2016).

The West has maintained strong operating margins with an EBITDA margin of 26.5 per cent achieved during the financial year. Management continues to respond to structural print declines with a 10.5 per cent reduction in operating costs year on year. This includes headcount reduction and other structural efficiencies including the centralisation of the regional publishing department in the first half.

Financial Performance: The West	FY16 $m	FY15 $m	Change %
Revenue			
Advertising	144.6	173.0	-16.5%
Circulation	55.9	61.4	-9.0%
Other	28.0	26.5	5.8%
Total Revenue	**228.5**	**260.9**	**-12.4%**
Costs			
Depreciation and amortisation	21.3	21.5	-1.1%
Other costs	168.0	187.7	-10.5%
Total costs	**189.3**	**209.2**	**-9.5%**
EBIT	**39.2**	**51.7**	**-24.3%**

Audience

The West Australian has one of the highest market penetrations of any Australian major metropolitan newspaper, continuing to maintain a strong delivery subscriber base and related retention programs. The business publishes Australia's most read magazine in Western Australia, Seven Days followed by the West Weekend.

The Sunday Times

Seven West Media has agreed terms with News Corporation to acquire The Sunday Times newspaper and perthnow digital products. The agreement is currently subject to regulatory approval from the Australian Competition and Consumer Commission. A successful outcome will see management focus on growing The Sunday Times and perthnow brand. In addition to the scale benefits with print and digital synergies, the proposal will also allow the combined businesses to better compete with the increasing presence of global content and platform businesses in the delivery of news and information. Advertisers will also benefit from a combined sales platform across both mastheads and brands.

Digital

In online and social media, The West continues to grow its footprint. thewest.com.au increased its mobile content audience by 38 per cent year on year and over 780,000 people accessed thewest.com.au each month. Underlying management's commitment to its digital growth strategy has been the appointment of a new WA Head of Digital, tasked with accelerating the development, distribution and online monetisation of our local content both on and off-network.

With a fully integrated newsroom with Channel Seven Perth, The West Australian has increased its use of short form video which is leveraged across all of The West's assets. This ability to publish once and distribute through multiple channels is a competitive advantage that the business continues to refine and leverage. The benefits of this power to advertisers are self-evident and the strategy to increase this full service to new and existing clients remains a priority.

The West is the best-performing newspaper in Australia with market-leading margins and the biggest share of audience of any newspaper.

New Business

These same advantages are core to the recent acquisition of TriEvents, a leading event management company in Western Australia. The business has met investment expectations in its early stages with strong growth expected as the full promotional capabilities of the group are brought to bear. The acquisition provides the opportunity to generate new businesses across a number of categories building on The West's already successful "Leadership Matters" and "Business Events" series.

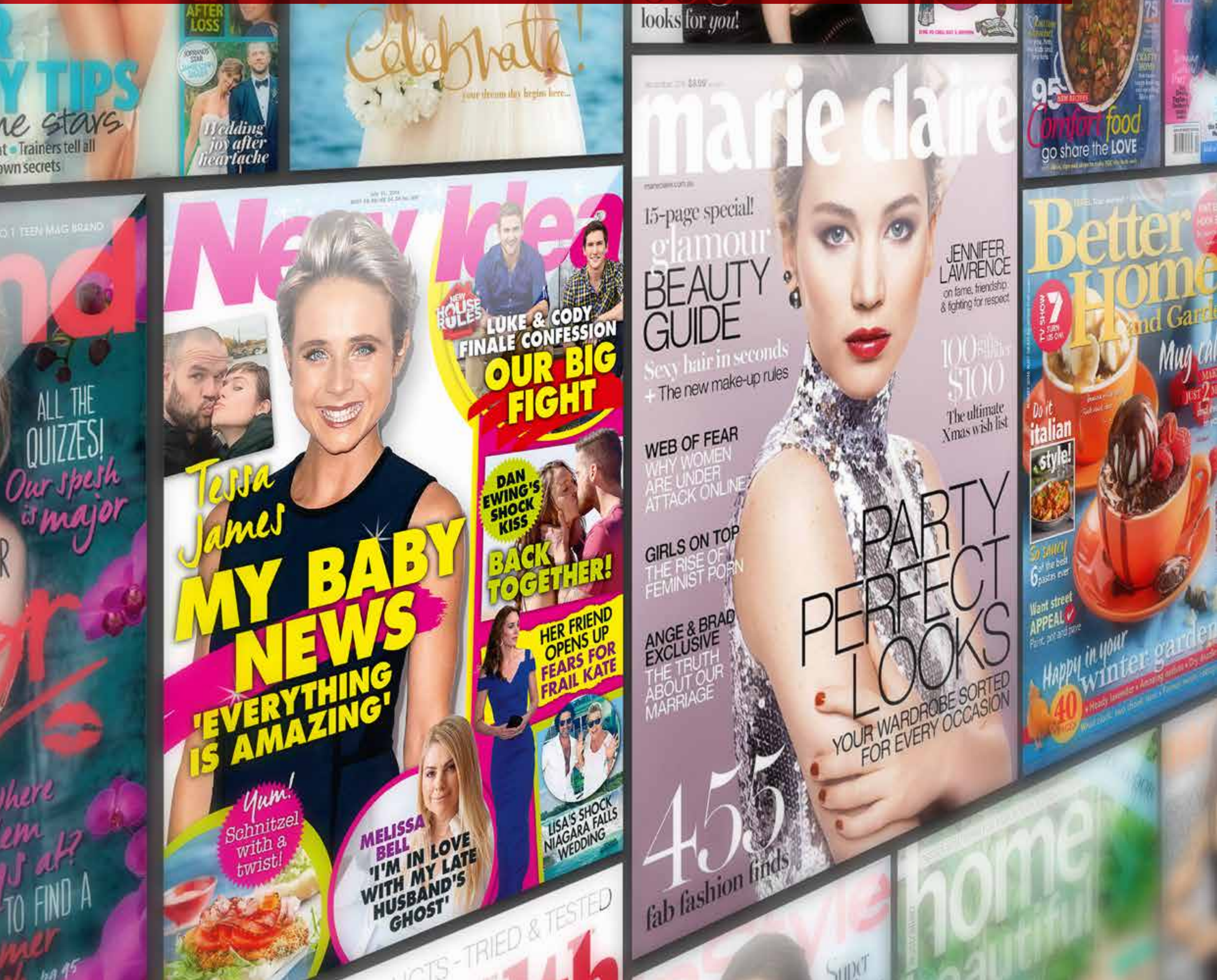
The West is also leveraging its newspaper and brands into new e-commerce, digital advertising and audience engagement opportunities. Its audience strength in travel, lifestyle, entertainment, sport, food and business has enabled The West to develop new digital initiatives. The West's highly successful football tipping competition has been recreated offering both daily fantasy and tipping. The new platform, rebranded as The Game for the 2016 football season, is already driving increased engagement and attracting significant demand from advertisers. In addition, The Seven West Travel Club continues to build its print and online audience through unique travel content, bookings, insurance and competitions. The Travel Club will also offer a subscription service which will deliver incremental value to The West's audience.

38% increase

in mobile content audience. The business continues to grow its footprint with thewest.com.au

Pacific

Our presence in magazines is evolving and developing rapidly as we build on the success of our portfolio to create brands that connect and engage with our audiences across any device.



Pacific is a leading audience business focused on people's passions and interests including food, home, health, fashion and beauty. The business has a well-established presence in magazine publishing, online, video, social and e-commerce. Its focus on these core verticals is extending beyond content, targeting deeper integration into the value chain to monetise these audiences. This strategy has led to several new initiatives that range from e-commerce, digital services and events.

Pacific continues to be one of the leading forces in the traditional magazine print market, making up 48 per cent of total weekly circulation (ABC Audits March 2016). More than one in four magazine titles in Australia are published by Pacific, including two of the three largest selling weekly titles, New Idea and That's Life! Pacific brands reach a combined audience of approximately 24.2 million consumers per month via print, social and digital platforms- an increase of 90 per cent year on year. Pacific brands continue to gather momentum across platforms and social media with more than 13 million followers.

Audience engagement with Pacific's brands online and, especially, via mobile is growing exponentially. Digital revenues for the financial year (including social media, online display and e-commerce) have grown by 90 per cent. Pacific's increased portfolio of digital titles and services should continue to support strong growth in the coming year.

Overall advertising share declined slightly to 30.1 per cent, down 1.3 per cent year on year.

Pacific's new initiatives have led to increased investment in establishing these businesses over the last 12 months. At the same time management have pursued new initiatives to redefine the operating model for the traditional businesses which has led to increased cost savings. In publishing, Pacific has responded to declines in circulation and advertising revenues from print magazines by rationalising the portfolio, as well as securing further cost efficiencies delivering reductions in operating costs (down 3.0 per cent year-on-year). On an underlying basis, excluding new initiatives, Pacific's operating expenses would have declined 6.2 per cent.

Financial Performance: Pacific	FY16 $m	FY15 $m	Change %
Revenue			
Circulation	131.4	141.5	-7.1%
Advertising	56.5	67.9	-16.8%
Other	13.3	10.7	24.3%
Total Revenue	**201.2**	**220.1**	**-8.6%**
Costs			
Depreciation and amortisation	1.5	3.2	-54.5%
Other costs	190.7	196.6	-3.0%
Total costs	**192.2**	**199.8**	**-3.8%**
EBIT	**9.0**	**20.3**	**-55.6%**

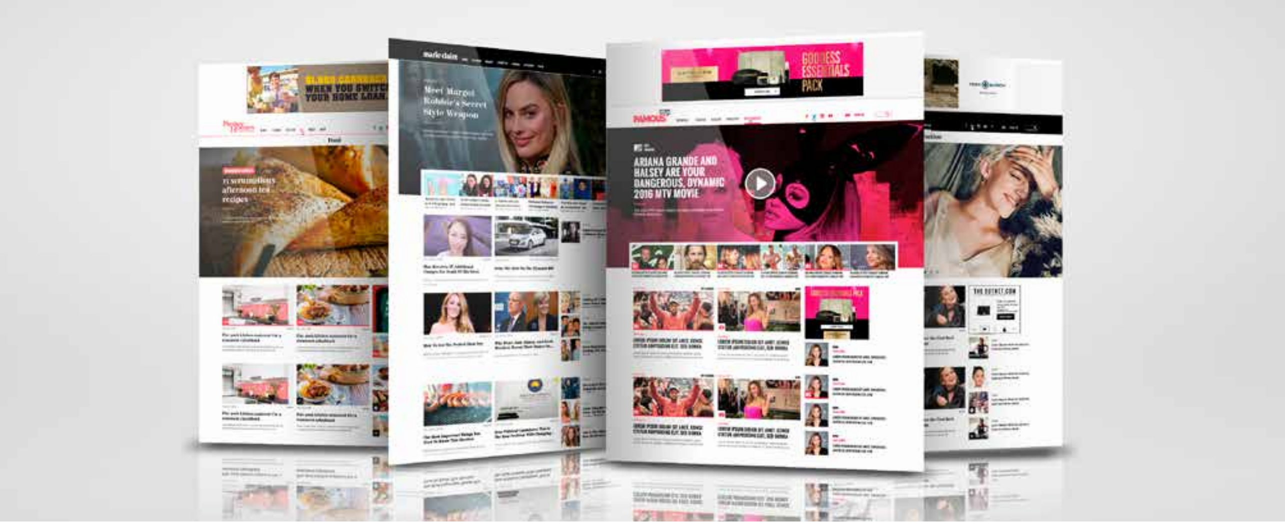
Pacific reviews its portfolio of mastheads on an ongoing basis in terms of profitability and what is the most effective distribution strategy for the brand. In the period, the company has repositioned Famous as an online only brand, ceasing the print publication.

The decision to replace Famous in print format with the digital brand, FamousLive, preserves the content with which its audiences actively engage across all platforms. This move takes advantage of the 260 per cent social growth of the Famous brand in the last 24 months, and demonstrates the agility with which Pacific can meet changing market conditions with positive results. FamousLive has an average social weekly reach of 6.3 million (Facebook Insights June 2016).

Audience

Pacific's magazine brands are powerful and are backed by supporting content and promotion from the group's leading television network. Each title is focused on building audiences through their 'passion points' and engaging with them via print, digital, social media and events. Commencing April 2016, Pacific took over control of all of its digital publications, bringing the sales and editorial control for the digital elements of its magazine titles. This will allow the business to enhance the consumer experience and achieve better outcomes for its commercial partners. In the last 3 months, Pacific has grown average audiences by 43 per cent in total across all brand titles.

These platforms have all been revitalised providing a rich user experience including integration with multiple social channels. New Idea is one of the top 10 most engaged Facebook communities in Australia with a Facebook community of more than 1 million fans. Pacific has also entered into a partnership with the world's number one digital food brand, Allrecipes (allrecipes.com.au).



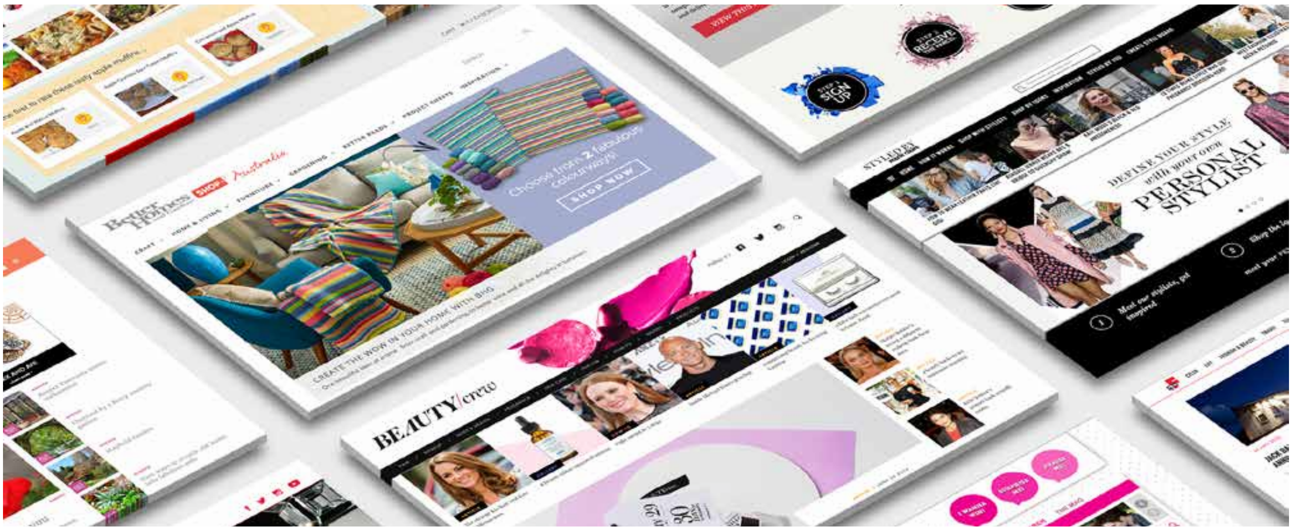
Pacific also continues to grow its online transaction businesses. These sites include:

- **foodiful.com.au** – a new digital portal experience with curated recipes, retail integration and high quality content that enables consumers to discover, purchase and create beautiful meals;
- **beautycrew.com.au** – a beauty website for the best buys, celebrity and runway trends and easy how-to videos;
- **bhgshop.com.au** – The Better Homes & Gardens online shop offers consumers featured products across gardening, craft and home living;
- **theparcel.com.au** – a sampling service leveraging Australia's most trusted magazine brands, including marie claire, Men's Health and Women's Health, collating the best and latest in beauty, cosmetics and health products; and
- **styledbymarieclaire.com.au** – a curated, interactive, personal shopping website, which adds a new dimension to the marie claire fashion experience. The site combines an e-commerce platform with the latest fashion news and expert styling advice.

These ventures are a natural extension of the powerful branding that Pacific is able to leverage with its Australian audiences, providing new revenue streams directly related to audience engagement.

1 million fans

New Idea is one of the top 10 most engaged Facebook communities in Australia.



Other Business & New Ventures

We are using the strengths of our core media businesses to create new opportunities to enhance shareholder value and create deeper connections with our audiences.

Other Business and New Ventures assets include:

- investments in associates including Yahoo7, Australian News Channel (Sky News), Presto, Health Engine, Nabo, Community Newspapers, Starts at 60 and others;
- regional radio licences in Western Australia as well as West Events and Tri Events; and
- Red Events, including the very successful Royal Edinburgh Military Tattoo.

Yahoo7

While conditions in traditional display advertising have continued to soften, Yahoo7 has made significant progress delivering on its MAVENS strategy, which now represents the majority of revenue for the business. Mavens encompasses mobile, video, native and social, which are all strong growth areas of the business. Video views including short and long form increased 53 per cent to over 207 million streams. Native advertising revenue has increased 152.3 per cent to $19.7 million. After factoring in the impact of display, total net revenue declined 8 per cent in the period. Management's ongoing focus on cost control reduced operating costs 10 per cent year-on-year. Softer revenue and cost out, resulted in EBIT of $26.4 million down 4.0 per cent for the financial year.

New Ventures

Seven West Media holds a number of investments in early stage businesses. New investments this year include:

- **Startsat60.com.au** – fastest growing and largest engaged online community for the over 60s demographic in Australia and New Zealand;
- **Airtasker.com.au** – disruptive online local services marketplace ;
- **Newzulu.com.au** – user generated content management platform, which simplifies and enables the distribution of content across owned platforms;
- **Societyone.com.au** (increased stake) – leading disruptive peer to peer online lending platform in Australia; and
- **Moneymakeover.com.au** – online video short course education platform.

These investments are added to a portfolio which includes HealthEngine (online health directory), Presto (Subscription Video On Demand), Nabo (local community social network) and Mediabeach (News exchange platform).

Live Events

RED Live has quickly established itself as one of the leading live event producers in Australia, with a broad scope of services to cater for national tours, one-off events and local productions. RED Live also extends Seven West Media's most powerful brands into the live event space, such as the MKR Holden Gourmet Road Trip, and the Better Homes and Gardens live events to be staged in Sydney and Melbourne later this year.

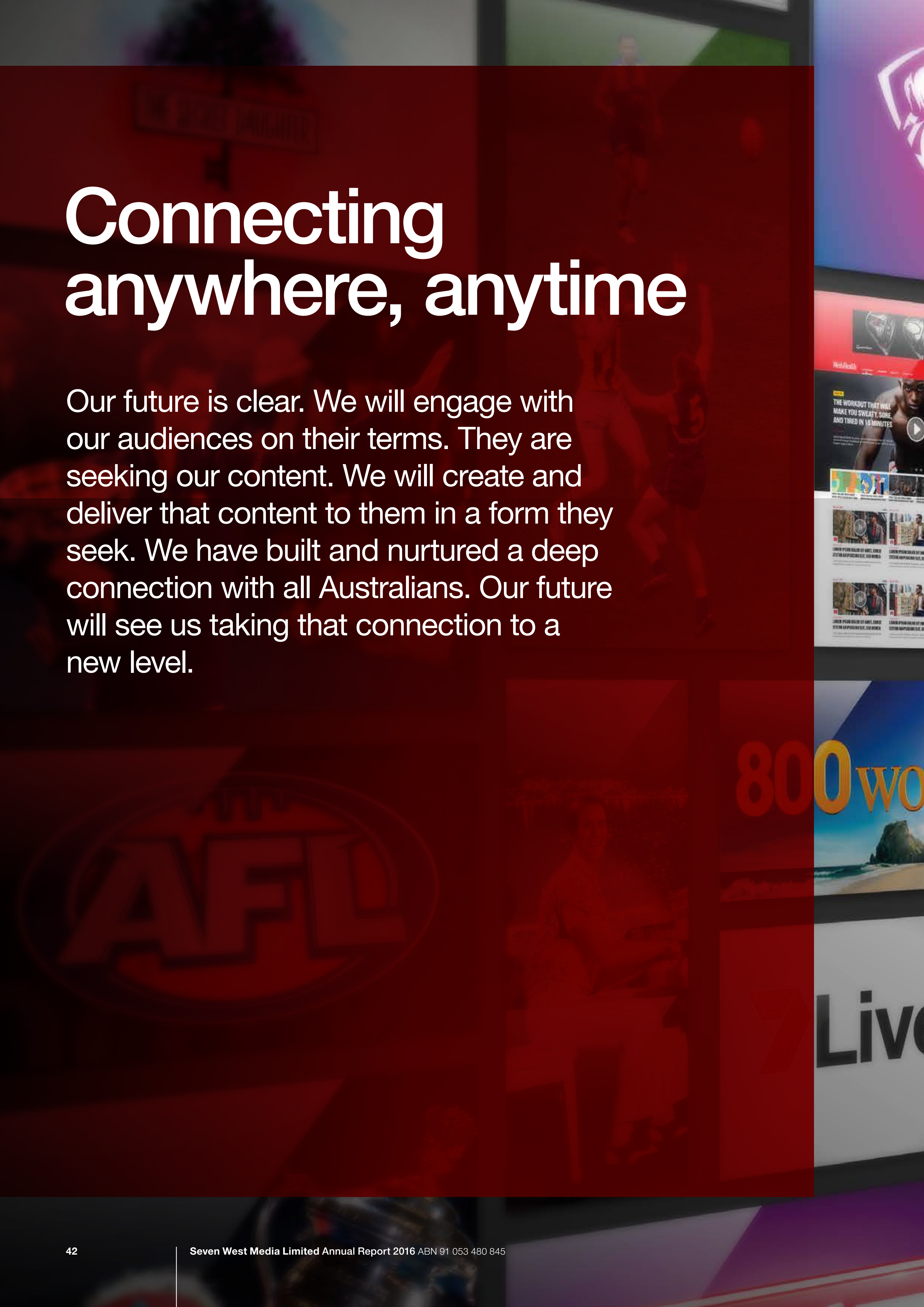
5 sold out shows

RED Live produced the Royal Edinburgh Military Tattoo in Melbourne in February 2016, achieving broad critical acclaim

RED Live produced the Royal Edinburgh Military Tattoo in Melbourne in February 2016, achieving broad critical acclaim. The production was the most attended show at Etihad stadium ever with five sold out shows with over 155,000 ticket sales. This success has created a platform that can be leveraged for future events.

Financial Performance: Other Business and New Ventures

	FY16 $m	FY15 $m	Change %
Revenue			
Radio	9.2	9.9	-7.3%
Yahoo7 Share of NPAT	8.8	11.1	-20.7%
Early stage investments share of loss	(23.9)	(12.7)	-88.2%
RED Live	24.2	0.3	N/A
Other	6.3	5.0	26.0%
Total Revenue	**24.6**	**13.6**	**81.2%**
Costs			
Depreciation and amortisation	0.5	0.8	-38.1%
RED Live	18.9	1.0	N/A
Other costs	10.8	8.3	30.1%
Total costs	**30.2**	**10.1**	**199.7%**
EBIT	**(5.6)**	**3.5**	**-262.1%**



Connecting anywhere, anytime

Our future is clear. We will engage with our audiences on their terms. They are seeking our content. We will create and deliver that content to them in a form they seek. We have built and nurtured a deep connection with all Australians. Our future will see us taking that connection to a new level.


RACING .COM
Home and Away
XFACTOR
NEWS
WHICH IS RIGHT FOR YOU?
australian open
The Grand Slam of Asia/Pacific
thewest.com.au
The West Australian
7
Rio2016
Australia's Olympic Network
NEW HOUSE RULES
LAVAZZA
TAB touch
THE GAME
7 TENNIS
The West Australian

Strategic Development

Seven West Media's strategy consists of three core pillars, 1) maintain leadership; 2) redefine the operating model; and 3) fuel new growth.

As the media landscape continues to transform, the Group continues to refine its strategic focus, better placing the businesses to respond rapidly to the challenges and opportunities in the marketplace. While traditional advertising markets continue to be soft with short trading cycles, Seven is growing share in mediums outside the traditional channels.

The pace of transformation across the group is accelerating as Seven redefines the operating model to adapt to changes in traditional businesses. These changes have delivered significant operating cost efficiencies across all businesses, while still maintaining strong leadership positions as outlined in the business summaries. These strong positions in local markets are being leveraged to establish and invest in new businesses and revenue streams even while reducing overall operating costs.

Major developments that have been announced this year include the proposed Sunday Times/perthnow acquisition which seeks to drive greater utilisation of group assets, while at the same time redefining the operating model in The West. At Pacific, significant work and investment has been undertaken to deepen consumer engagement and reposition the business as a portfolio of leading brands in core verticals, which operate across all platforms, leveraging content, digital services, events and e-commerce. Pacific's recent portfolio realignment positions the business to target core verticals in Food, Home & Family, Beauty & Health and Fashion. These verticals are common content categories that are aligned across the group that provide ongoing cross platform integration opportunities.

The group's strategic pillar of fuelling new growth has driven a wide range of projects, investments and new businesses, many of which are starting to scale and deliver benefits.

One of the strategic priorities in driving growth has been expanding Seven's content production capabilities, both in Australia and new international markets. In existing markets Seven is seeking audiences for its content across new platforms, including third parties. These initiatives will allow the group to extract greater value from its investments in content, growing and monetising its audiences using the data insights that new distribution channels provide. This will be an ongoing focus over the next twelve months as the Group makes further investments in content production businesses and builds on its existing digital distribution capabilities.

Other key growth initiatives delivered in the financial year include:

- Launch of the live streaming of all of Seven's television broadcast channels with ongoing usage growing strongly;
- Securing key content rights through the joint venture with Victoria Racing on Racing.com;
- RED Live, which commenced only two years ago but has delivered a material contribution to earnings, driven by the success of Royal Edinburgh Military Tattoo;
- E-commerce initiatives across Pacific are becoming profitable and growing, while the adoption of digital services in their portfolio is also performing strongly; and
- Several new investments in early stage digital businesses.

A common factor across the majority of these new growth initiatives is that they all leverage the competitive advantage Seven's assets bring, which is the mass audience reach to help build awareness, drive consumer adoption and importantly grow revenue and earnings. A wide range of initiatives are underway across the group, which we expect to deliver incremental benefits in the short and medium term.

Risk, Environment, People and Social Responsibility

Risk Management

Seven West Media maintains sound risk management systems in order to protect and enhance shareholder value. The Board acknowledges that the management of business risk is an integral part of the company's operations and that a sound risk management framework not only helps to protect established value, it can also assist in identifying and capitalising on opportunities to create value. The table below sets out the key risks (in no particular order) which could impact achievement of the Company's strategic objectives. These risks are actively monitored under our risk management framework and there are processes in place to manage each of them, to the extent possible. For more information on the Company's risk management framework refer to pages 61 to 63 of the Corporate Governance Statement of this Annual Report.

Environment

Sustainability

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

- Our magazine and newspaper businesses have internal controls in place to ensure that the paper we use is from sustainable sources and not from illegally logged timber. Both businesses were subject to random compliance testing during the year by the Commonwealth Department of Agriculture. Both were found to be fully compliant with the *Illegal Logging Prohibition Regulations 2012* by the Department.
- Pacific purchases all virgin fibre paper as PEFC C-o-C or FFC certified which assures that forests are managed in accordance with stringent environmental, social and economic requirements.
- 94.5 per cent of newsprint used by our newspaper businesses comes from recycled consumer product and the remaining 5.5 per cent is sourced from certified plantation forests.
- Printed waste from the newspaper printing process was 2.5 per cent during the year against an annual target of 2.8 per cent and all waste was recycled.
- In our press, waste ink is collected and reprocessed, aluminium plates used during the printing process are recycled and plant waste water is processed and used for reticulation on site. General co-mingled recycling bins have been introduced throughout the West Australian Newspapers facility at Osborne Park.
- Seven West Media recorded a reduction in greenhouse gas emissions (Scope 1) by 21 per cent between FY14 and FY15 mainly by lower vehicle fuel consumption in West Australian Newspapers
- Seven West Media has reduced other greenhouse gas emissions (Scope 2 & 3) by 9 per cent between FY14 and FY15.

Risk Management Framework

Strategic	Operational	Financial	Legal & Regulatory
• Structural change • Competition for key program rights • Strategy execution	• Talent attraction and retention • Health and safety • Business interruption	• Advertising market conditions • Broader economic conditions • Asset impairment	• Regulatory change • Compliance with legislation

- The main Seven West Media storage facility in Sydney changed its extensive array of energy intensive metal halide lamps to energy efficient LED warehouse lights. In doing so it reduced energy consumption annually by 96,469 kWh being equivalent to 102 tonnes of CO2. The project also paid for itself inside nine months through the reduced energy charges achieved.
- Overall energy consumption across our entire business has reduced by 11 per cent whilst maintaining the same operating conditions.
- During the year, The West left the electricity grid and switched to generator power on eight occasions which helps to avoid outages in the local network on high demand days and contributes to a reduction in our annual capacity charge.
- Seven West Media donates or recycles 90 per cent of electronic IT assets through certified eCycling companies which reduces landfill by encouraging reuse and recycling of equipment.

Community

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

People

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

In 2015 we implemented a journalism cadet program in Television where cadets throughout the network across various locations are rotated through a two year program including development of core journalism skills and knowledge.

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

Seven West Media also encourages its employees to make a difference through providing opportunities to participate in community fundraisers. An example of this has been the involvement with Steptember (Cerebral Palsy Alliance) where hundreds of employees participated in the challenge to take 10,000 steps a day for the month of Steptember for the last two years and will do so again in 2016.

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

Safety and Security

At Seven West Media safety and security is firmly embedded in our culture, driven by our employees. We have a dedicated Risk, Safety and Security team, providing risk management, safety resources and security services to the business. This team manages and evaluates Seven West Media’s critical incident plans. It also provides briefings and oversight for overseas deployments and productions to high threat locations. Further, it ensures our employees are prepared for the challenges they face, with specialised training and well-being support.

Diversity policy

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

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

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

Measurable objectives

Unless otherwise stated, for the purpose of this section of the report employee numbers and statistics have been calculated based on employees who were paid in the final pay periods of April 2016.

At Seven West Media, the commitment, passion and creativity of our people underpin who we are and what we do.

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

Proportion of women

Group	Number of women	Total number of employees/ officers	Proportion of women
In the Company	2,634	5,041	52%
Key Management Personnel executives (as set out in section 2a of the remuneration report)	2	9	22%
In senior executive positions	22	58	38%
On the Board	2	10	20%

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

The Company has posted its Workplace Gender Equality Act Public Report for 2015 – 2016 on its website, which contains the Company’s Gender Equality Indicators.

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

Seven West Media has continued to offer flexible work practices, regardless of gender, that assist employees to balance work with family, carer or other responsibilities resulting in further increases in flexible working arrangements across the Group in 2016.

During 2016, Seven West Media trialled an initiative that actively promotes employees moving from full time to part time work with flexibility for employees to suggest part time options that suit both them and the Company.

The executive development program has been continued in the 2016 financial year.

Annual succession planning initiatives

In 2016, the Company’s succession planning process continued to include a requirement for diversity initiatives to be considered. The succession planning programs implemented within the Group include capability and personality assessment and career development plans for employees who are identified as potential successors to critical roles.

Employee turnover by gender and age statistics

Proportion of women in the Company

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

Women
52%

Men
48%

Employee turnover by Gender

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

Women
18%

Men
12%

Employee Turnover by Age

(as a percentage of total turnover)

< 25 years	25 – 34 years	35 – 44 years
18%	43%	18%
45 – 54 years	**> 55 years**	
13%	9%	

We commit ourselves to an active involvement in all aspects of Australian life. It is not a corporate objective. It is who we are.

Social responsibility

A part of Australian life

Our business is underpinned by a commitment to connect with all Australians on any device.

It is a commitment built on the creation and delivery of content relevant to our audiences. Our business is also about strengthening the performance of our core businesses and identifying and building our presence in new forms of communications that will drive our future. We focus on driving our profitability and enhancing shareholder value. We focus on building our business and meeting the challenges of a changing communications landscape.

But beyond these objectives is a broader, underlying commitment. Indeed it is a cornerstone of who we are as a company. As part of the development of our business, we will be a major presence in Australian life – an involvement extending beyond television, publishing and the delivery of our content to everyone, and encompassing major events of national importance. It is a commitment that underpins our businesses today and will define our business into the future: our business is a part of the lives of all Australians.

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

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

We are also a major partner of the National Library in Canberra and we are now in our 21st year of our partnership with Art Exhibitions Australia which this year has brought to Melbourne two major exhibitions: Degas and Whistler's Mother.

These same values that underpin these partnerships drive our commitment to Telethon in Perth which raised $25.8 million to fund medical research, the Good Friday Appeal in Melbourne which raised $17.5 million to assist the Royal Children's Hospital in Melbourne and the staging of a fund-raising initiative, Parathon, which this year assisted athletes competing at the Paralympics in Rio.

In Sydney, we are a major supporter of the Children's Hospital at Westmead, Ronald McDonald House at Westmead, and a long-term partner of the Cancer Council, Surf Lifesaving, the City of Sydney Christmas and Carols in the Domain. We are also a partner with Art Gallery of New South Wales, the Museum of Contemporary Art, the Royal Agricultural Society and the Annual Easter Show. Seven in Sydney is also a primary partner in the Sydney Festival, the Seven Bridges Walk and the City to Surf. We also support the Sydney Swans and GWS Giants in the AFL along with the Western Sydney Wanderers in the A-League.

Perth Telethon

$25.8 million

raised to help financially support the medical and social welfare of children and young people, and to fund research into children's diseases.

Our commitment to Melbourne extends beyond the Good Friday Appeal with a long-term partnership with the Shrine of Remembrance, the City of Melbourne, the Moomba Parade, the Alannah and Madeline Foundation, the Royal Melbourne Show, the Melbourne International Flower and Garden Show, and our partnership with the National Gallery of Victoria.

Telethon is our primary focus in Perth and we continue to build a long and deep connection with the people of Western Australia with The Christmas Pageant and Skyshow coupled with partnerships with WA Day, the Perth International Arts Festival, the West Australian Ballet and the West Australian Symphony Orchestra. We also have long-term partnerships with the West Coast Eagles and the Fremantle Dockers in the AFL.

In Adelaide, we are a major partner of the Adelaide Crows and Port Adelaide football clubs in the Australian Football League, Adelaide United in the A-League and are a primary sponsor of The Flinders Medical Centre Foundation, The Advertiser Foundation, Carols by Candlelight, the Adelaide Festival of Arts, the Cabaret Festival, the Art Gallery of South Australia, the Adelaide Symphony Orchestra and the State Library of South Australia. Seven in Adelaide also has a long-standing partnership with and commitment to the Royal Flying Doctor Service, the St John Ambulance Service and Surf Lifesaving SA.

In Brisbane and across Queensland, we commit ourselves to major events including the RNA Show and our partnerships with the Gold Coast Suns and Brisbane Lions in the AFL, and significant events including The Paniyiri Greek Festival, CitySmart Greenheart Fair and the Queensland Sport Awards, the Magic Millions and the Channel Seven Brisbane Racing Carnival.

For the past ten years, Pacific has held a partnership with Ronald McDonald House, a charity attached to major women's and children's hospitals which provides a home away from home for seriously ill children and their families. In 2016, New Idea launched a flagship national initiative 'We Care' in partnership with charity organisation Anglicare. The initiative aims to assist women across the country fleeing domestic violence crisis situations by providing emergency survival packs filled with everyday essentials. Pacific also has a leading reputation for honouring Australian women of achievement. The annual Women's Health I Support Women In Sport is the only Awards event of its kind, honouring female sporting talent across ten categories – from a grassroots through to professional level. Now in its eighth year, InStyle's Women of Style Awards also recognise women of achievement in ten broad categories from business, to charity, science, arts and entertainment. Other community initiatives include marie claire x Mimco Our Watch (Domestic Violence) and Men's Health support of Movember and Prevention Week aimed at helping all Australians take positive, practical steps to improve their health and wellbeing.

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

Think TV

In May 2016 Seven West Media was announced as a founding stakeholder of the independent industry research and marketing group, Think TV. Think TV will lead a collective effort from television broadcasters across Seven Network, Nine Network, Network Ten and Multi Channel Network/Foxtel to demonstrate how television advertising in broadcast quality content environments remains profoundly effective and the clear leader among all media channels in terms of advertising impact and return on investment. Think TV is a marketing initiative of the Australian commercial television broadcasters focused on helping the advertising and marketing community get the best out of Multi-Platform TV, emphasising the measurable reach and quality of emotional engagement of the medium which is essential for building brands and connecting with target audiences.

Board of Directors

Kerry Stokes AC

Chairman – Non-executive Director

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

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

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

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

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

Tim Worner

Managing Director & Chief Executive Officer

Mr Worner is Managing Director & Chief Executive Officer of Seven West Media Limited. He is also a Director and Chairman of Australian News Channel, which operates Sky News, and a Director of Yahoo7, Free TV Australia and a Director of the JV with Foxtel, Presto.

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

As CEO of Seven West Media, Australia's leading listed national multi-platform media business, he continues to oversee the television business of the Seven Network (Seven, 7TWO, 7mate, 7flix and racing.com). In addition, he is also responsible for the company's publishing businesses The West and Pacific. The West is the leading newspaper in Western Australia, and Pacific Magazines is one of Australia's two biggest magazine publishing businesses with titles including Better Homes and Gardens, New Idea, WHO, marie claire and InStyle.

Also part of Mr Worner's brief is developing Seven's increasing online and new media presence, including the company's Yahoo7 joint venture with Yahoo, Inc. and the Presto SVOD joint venture with Foxtel. In 2014 Mr Worner was awarded the MIPTV Médaille d'Honneur Award for his achievements in the television industry.

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

John Alexander

Non-executive Director

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

Mr Alexander has previously acted as a director of a number of media companies including Foxtel Management Pty Limited, Fox Sports Australia Pty Limited, SEEK Limited, Carsales.com Limited and Ninemsn Pty Limited. Mr Alexander has been the Executive Deputy Chairman of listed company Crown Resorts Limited (formerly Crown Limited) since December 2007. Mr Alexander is also the Chairman of Crown Resorts Melbourne, Crown Resorts Perth and CrownBet.

Mr Alexander is Chairman of the Remuneration & Nomination Committee.

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

Dr Michelle Deaker

Non-executive Director

Dr Michelle Deaker is the founder, Managing Director and CEO of OneVentures, an Australian venture capital firm established in 2006. OneVentures invests in technology companies that serve or disrupt large high growth global markets. The firm has $170 million in funds under management recently launching its $100 million Innovation and Growth Fund.

Dr Deaker has extensive experience in the development of high growth technology companies, a strong background in Australian R&D and expertise in international business expansion. She is a former successful entrepreneur and business owner with over 18 years experience in information technology, enterprise businesses targeting finance, retail, media, security and education. She has served on the boards of listed and unlisted companies across media and information technologies in Australia and North America.

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

Dr Deaker is a former director of NICTA, Australia's National ICT Centre of Excellence (now Data61). Dr Deaker is also a member of the Investment Committee, manages the Supervisory Boards of OneVentures funds and is a Non-Executive Director of OneVentures portfolio companies, Smart Sparrow (educational technology), Peak3 (mining services) and Incoming Media (mobile media technology). She is also a past member of the AVCAL Venture Capital working group, the University of Sydney's Incubate program and the NSW Government's Taskforce for the Digital Economy.

Dr Deaker has over 10 years experience in research and development with leading Australian Universities and CSIRO. She holds a Bachelor of Science (First Class Honours) (University of Sydney), and with both Commonwealth and CSIRO Postgraduate Research Scholarships, was awarded a Masters of Science (University of Sydney) and a PhD in Applied Science (University of Canberra). While completing her PhD, Dr Deaker was the vice-chancellor's nominee and subsequently selected as a Queens Trust Future Perspectives national leader. Dr Deaker is a former member of the board of Ravenswood School for Girls, and the advisory board of Heads over Heels. Dr Deaker is a Member of Chief Executive Women and the Australian Institute of Company Directors.

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

David Evans

Non-executive Director

Mr Evans is the Executive Chairman of Evans and Partners Pty Ltd having established the investment advisory company in June 2007.

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

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

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

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

Peter Gammell

Non-executive Director

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

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

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

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

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

The Hon. Jeffrey Kennett AC

Non-executive Director

Mr Kennett AC is the founding Chairman of beyondblue: the national depression initiative and has been Chairman since 2000. He is Chairman of The Torch, a program assisting incarcerated Indigenous men and women.

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

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

Mr Kennett was Chairman of Primary Opinion Limited from 20 April 2004 until 30 November 2015.

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

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

Michael Malone

Non-executive Director

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

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

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

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

Sheila McGregor

Non-executive Director

Ms McGregor is a Partner at Gilbert + Tobin in Sydney and is an experienced commercial adviser, company director and senior lawyer. During a career spanning over 20 years, she has advised senior management and boards of some of Australia's leading companies in the financial services, information technology, media and telecommunications industry.

Prior to joining Gilbert + Tobin in 2003, Ms McGregor was a senior partner at Freehills. She is a former Chairman and President of the Royal Women's Hospital Foundation Board and is a former member of the Commonwealth Bank life and general insurance subsidiary boards. She is currently on the Board of The Australian Indigenous Chamber of Commerce and on the Gilbert + Tobin Board.

Ms McGregor holds a BA(Hons), LLB from Sydney University and is a Graduate of the Australian Institute of Company Directors (GAICD).

Ms McGregor was appointed to the Board on 24 June 2015.

Ryan Stokes

Non-executive Director

Mr Ryan Stokes is Managing Director & Chief Executive Officer of Seven Group Holdings Limited (SGH) with effect from 1 July 2015. SGH currently owns approximately 41% of SWM.

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

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

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

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

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

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

Warren Coatsworth

Company Secretary

Mr Coatsworth has been Company Secretary since 24 April 2013.

Mr Coatsworth is a solicitor holding a current practising certificate with degrees in Arts and Law (Hons) from the University of Sydney.

He has been Company Secretary of Seven Group Holdings Limited since April 2010 and Company Secretary of Seven Network Limited since July 2005. Mr Coatsworth has held the position of Legal Counsel at the Seven Network for the past sixteen years, advising broadly across the company, and was formerly a solicitor at Clayton Utz. He has completed a Graduate Diploma in Applied Corporate Governance and is a qualified Chartered Company Secretary and a Fellow and member of the Governance Institute of Australia. In 2016, he completed his Masters of Law in Media and Technology Law from the University of New South Wales.

Corporate Governance Statement

FOR THE YEAR ENDED 25 JUNE 2016

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

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

Principle 1 – Lay Solid Foundations for Management and Oversight

Role and responsibilities of the Board

The Board is empowered to manage the business of the Company subject to the Corporations Act and the Company's Constitution*. The Board is responsible for the overall corporate governance of the Company and has adopted a Board Charter* setting out the role and responsibilities of the Board.

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

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

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

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

Board Committees

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

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

The Directors' Report at page 65 sets out the number of Board and Committee meetings held during the 2016 financial year under the heading "Directors' Meetings", as well as the attendance of Directors at those meetings.

Delegation to Management

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

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

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

Employment of executives

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

Appointment of Directors

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

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

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

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

As part of the selection and appointment process:

- the Board, and if so requested the Remuneration & Nomination Committee, identify potential Director candidates, with the assistance of external search organisations as appropriate;
- background information in relation to each potential candidate is provided to all Directors;
- appropriate background checks are undertaken before appointing a Director, or putting forward to shareholders a Director candidate for election;
- an invitation to be appointed as a Director is made by the Chairman after having consulted all Directors, with recommendations from the Remuneration & Nomination Committee (if any) having been circulated to all directors. Appointed Directors receive a formal letter of appointment which set out terms of their appointment, including remuneration entitlements and the Company's Corporate Governance Policies, including the Company's Share Trading Policy, which Directors are to abide by. Under the letter of appointment, Directors are also provided with a schedule of Board meetings, Deeds of Indemnity & Access and a summary of Director insurance arrangements.

Election and re-election of Directors

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

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

Company Secretary

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

- monitoring whether Company policies and procedures are followed;
- preparing Board and Committee minutes;
- advising the Board and Committees on governance matters; and
- coordinating the timely distribution of Board and Committee agendas and briefing materials.

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

Board, Committee and Director evaluation

The Chairman closely monitors the performance and actions of the Board and its Committees and meets with individual Board members during the financial year to ensure that the Board and its Committees operate effectively and efficiently. The Chairman and each Board member consider the performance of that Board member in relation to the expectations for that Board member and consider any opportunities for enhancing future performance. Matters which may be taken into account include the expertise and responsibilities of the Board member and their contribution to the Board and any relevant Committees and their functions.

During the financial year, the Chairs of each Committee also monitor and evaluate the performance of their respective Committee according to the function and objectives of the Committee, its program of work, and the contributions of its members, and discuss the Committee's performance with the Chairman and its members.

For the purposes of his own performance evaluation, the Chairman met with two Directors, including at least one Independent Director to review his performance. During the reporting period, performance evaluations of the Board, its Committees and individual Directors were carried out in accordance with this process.

Assessment of management performance

The performance of the Managing Director & Chief Executive Officer is formally reviewed by the Board against the achievement of strategic and budgetary objectives in respect of the Group's operations and investments whilst also having regard for his personal performance in the leadership of the Group. The Board's review is carried out annually in regard to certain goals against which he is assessed, and throughout the year in regard to others, and forms the basis of the determination of the Managing Director & Chief Executive Officer's performance-linked remuneration. The Remuneration Report sets out further details of the performance criteria against which the Managing Director's & Chief Executive Officer's performance-linked remuneration is assessed on pages 69 to 75.

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

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

Diversity policy

The Board recognises the benefits of a workplace culture that is inclusive and respectful of diversity. The Board values diversity in relation to age, gender, cultural background and ethnicity and recognises the benefits it can bring to the organisation. 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. Please refer to pages 46 to 47 of this Annual Report for reporting on the Diversity Policy and the measureable objectives and initiatives relating thereto.

Principle 2 – Structure the Board to Add Value

Board composition

The Company's Constitution provides for a minimum of three Directors and a maximum of twelve Directors on the Board.

As at the date of this statement, the Board comprises ten Directors, including nine Non-Executive Directors and the Managing Director & Chief Executive Officer.

The Non-Independent Directors in office are:

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

The Independent Directors in office are:

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

The qualifications, experience, expertise and period in office of each Director of the Company at the date of this Annual Report are disclosed in the Board of Directors section of this Annual Report on pages 50 to 52.

Board independence

The Board acknowledges the ASX Recommendation that a majority of the Board should be Independent Directors. The Board comprises a majority of Independent Directors, with four Non-Independent Directors and six Independent Directors.

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

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

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

In the Board's view, the Independent Directors referred to above are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Directors' ability to act with a view to the best interests of the Company. In terms of longevity of time in office, the Board does not consider that independence can be assessed with reference to an arbitrary and set period of time, and the independence of Directors who have held office for some time is considered on a case-by-case basis. The Company has diverse operations that have grown considerably over time and, in the Board's view, the Company derives the benefits from having long-serving Directors with detailed knowledge of the history and experience of the Group's operations.

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

Chairman

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

Board skills, experience and expertise

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

1. Maintaining and achieving leadership in the Company's core business areas of broadcast television, publishing and online, through a focus on the Company's strengths in market leading content creation as well as strategic partnerships and investments in content rights.
2. Transforming the business model by driving efficiencies and synergies across multiple delivery platforms and expanding the production and ownership of content to maximise the value of the Company's core competencies in delivering audience engagement through powerful storytelling.
3. Identifying and investing in growth opportunities which leverage off our Company's brands and maximise the capabilities of our businesses and diversifying earnings through innovation, strategic investments and the creation of new businesses.
4. Prudent capital and balance sheet management to sustain future development of the Company.

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

Skills and Experience	Percentage
Media industry leadership and senior executive and Board experience in television broadcasting, publishing and online businesses	80%
Banking, finance, asset and capital management	90%
Marketing, sales and product distribution and servicing	80%
Investment, mergers and acquisitions, venture capital and entrepreneurship	90%
Technology and telecommunications	80%

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

Skills and Experience	Percentage
CEO and Board level experience	100%
Accounting and treasury	90%
Corporate governance and organisation management	80%
Legal, regulation and compliance	80%
Risk management and audit	100%
OHS, human resource management and remuneration	90%

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

Remuneration & Nomination Committee

The Board has established a Remuneration & Nomination Committee, which is comprised of:

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

Mr Kennett was appointed to the Committee on 7 April 2016 following a Board review of the composition of Committees of the Board. Prior to his appointment Mr Kennett attended meetings of the Committee as a non-member.

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

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

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

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

Director induction and ongoing training

As part of the induction process, Board appointees attend a briefing with the Chairman, meet with the Company Secretary about the Company's corporate governance (including its policies and procedures), visit key business sites and meet with Company Executives.

In addition to an induction process for new Director appointments, from time to time, Directors attend external education seminars and peer group meetings regarding regulatory and compliance developments. The Company arranges presentations to the Board by Executives to update the Directors on the Group's business activities, as well as industry and regulatory developments.

Effective functioning of the Board

The Board, under the terms of appointment of Directors and by virtue of their position, is entitled to access, and is provided with, information concerning the Group needed to discharge its duties efficiently. Directors are entitled, and encouraged, to request additional information if they believe that is necessary to support informed decision making. Directors are able to obtain independent professional advice to assist them in carrying out their duties, at the Company's expense.

Principle 3 – Act Ethically and Responsibly

Code of Conduct and other Company policies

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

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

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

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

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

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

Trading in Company shares by Directors and Employees

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

Principle 4 – Safeguard Integrity in Corporate Reporting

Audit & Risk Committee

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

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

Ms McGregor and Mr Malone were each appointed to the Committee on 7 April 2016 following a Board review of the composition of Committees of the Board. Prior to their appointments, Ms McGregor and Mr Malone attended meetings of the Committee as non-members.

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

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

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

The Audit & Risk Committee is also responsible for:

- making recommendations to the Board on the appointment (including procedures for selection), and where necessary, the replacement of the External Auditor;
- evaluating the overall effectiveness of the external audit function through the assessment of external audit reports and meetings with the External Auditors;
- reviewing the External Auditor's fees in relation to the quality and scope of the audit with a view to ensuring that an effective, comprehensive and complete audit can be conducted for the fee; and
- assessing whether non-audit services provided by the External Auditor are consistent with maintaining the External Auditor's independence.

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

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

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

External Audit function

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

Each reporting period, the External Auditor provides an independence declaration in relation to the audit. Additionally, the Audit & Risk Committee provides advice to the Board in respect of whether the provision of non-audit services by the External Auditor are compatible with the general standard of independence of auditors imposed by the Corporations Act.

The current practice is for the rotation of the appropriate External Audit partner(s) to occur every five years (subject to the requirements of applicable professional standards and regulatory requirements). If a new auditor is to be appointed, the selection process involves a formal tender evaluated by the Audit & Risk Committee. The Chair of the Committee leads the process, in consultation with the Chief Financial Officer.

The Board ensures that the Company's External Auditor attends all Annual General Meetings and is available to answer shareholders' questions about the conduct of the audit and the preparation and content of the Auditor's report.

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

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

The required declarations from the Managing Director & Chief Executive Officer and Chief Financial Officer have been given for the half year ended 26 December 2015 and the financial year ended 25 June 2016.

Principle 5 – Make Timely and Balanced Disclosure

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

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

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

Principle 6 – Respect the Rights of Shareholders

Communications with shareholders

As disclosed in the Shareholder Communication Policy*, the Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs and that there is an effective two-way communication with its shareholders. The Company adopts a communications strategy that promotes effective communication with shareholders principally through ASX announcements, the Company website, the provision of the Annual Report, including the financial statements, and the Annual General Meeting (and any extraordinary meetings held by the Company) and notices of general meetings. Information concerning resolutions for consideration at the Company's general meetings is provided in the notice of meeting. Shareholders are encouraged to participate in general meetings and are invited to put questions to the Chairman of the Board in that forum.

Shareholders are given the option to receive communications from, and to send communications to, the Company electronically, to the extent possible. The Board continues to review its channels of communications with shareholders for cost effectiveness and efficiencies, including using electronic delivery systems for shareholder communications where appropriate.

The Company's website

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

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

Principle 7 – Recognise And Manage Risk

Risk oversight and management

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

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

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

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

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

During the 2016 financial year, the Committee conducted the annual review of the Company's risk management framework and satisfied itself that the framework continues to be sound and effectively identifies potential risks.

Risk Management Policy

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

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

Internal Control Framework – Risk Assurance & Internal Audit

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

During the year, the Head of Risk Assurance & Internal Audit presented detailed Internal Audits and Risk reviews to the Committee regarding the effectiveness of the Company's management of its material business risks, in accordance with the approved Risk Assurance & Internal Audit plan.

Workplace Safety

The Company is committed to providing a safe workplace and maintains comprehensive workplace safety policies and systems which are overseen by health and safety specialists within the Company's human resources team and dedicated Risk, Safety and Security team. These polices are promulgated to staff through induction and training and the availability of information on the Company's intranet as well as through Occupational Health & Safety representatives at each business premises. Consultative workplace safety arrangements, ranging from formal quarterly health and safety committee meetings to other agreed arrangements, have been put in place at each key business premises. Procedures relating to security at the Company's business sites are prioritised and are subject to review and continuous improvement. Management provides leadership by promoting a culture of safety and risk awareness and monitors and responds to incident reporting and provides regular workplace safety updates to the Board. Additionally, to support well-being within the workplace, the Company provides a free and confidential external counselling service for employees and their immediate families.

Environment

Environmental risks are considered as part of the Company's risk assessment processes. Environmental risks relating to the use and storage of any hazardous materials are identified and managed through regular inspections of business premises, reviews of compliance and emergency procedures, and advice from external consultants on environmental matters. For more information on the Company's environmental practices please refer to pages 45 to 46 of this Annual Report.

Financial reporting

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

Special reports

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

Material risks

Under the risk framework described above the Company has identified strategic, operational, financial, legal and regulatory risks which it manages and mitigates. Each of the foregoing material business risks is monitored and managed by appropriate Senior Management within the Company. Where appropriate, external advisers are engaged to assist in managing the risk. More detail concerning these risks is set out under the headings "Risk Management" and "Risk Management Framework" on page 45 of this Annual Report. The Company does not believe it has any material exposure to environmental or social sustainability risks. Commentary on the Company's environmental and human capital related initiatives as well as its community engagement is provided on pages 45 to 49 of this Annual Report.

Strategy

The Group continues to transform its strategic focus to respond rapidly to the challenges and opportunities in its marketplace. For more information on the Group's strategy which underpins the Group's economic sustainability please refer to pages 8 to 11 and page 44 of this Annual Report.

Principle 8 – Remunerate Fairly and Responsibly

Remuneration policy

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

Remuneration & Nomination Committee

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

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

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

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

Remuneration of Directors and Senior Executives

The remuneration of the Non-Executive Directors is restricted, in aggregate, by the Constitution of the Company and the requirements of the ASX Listing Rules. Fees for Directors are set out in the Remuneration Report on pages 68 to 82. During the year, fees received by Non-Executive Directors were reviewed by Remuneration & Nomination Committee and the Committee recommended that the fees not be changed. There has been no change to the fees paid to Non-Executive Directors since their approval in 2011.

The Committee reviews remuneration packages and policies applicable to the Managing Director & Chief Executive Officer and senior executives. This includes share schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefit policies and insurance policies. External advice is sought directly by the Committee, as appropriate.

The Committee also directly obtains independent market information on the appropriateness of the level of fees payable to Non-Executive Directors and makes recommendations to the Board.

The Remuneration & Nomination Committee met after the end of the financial year to review and recommend to the Board performance-related remuneration for Key Management Personnel. This process is summarised in the Remuneration Report on pages 68 to 82. Further details of Directors' and executives' remuneration, superannuation and retirement payments are set out in the Remuneration Report. The Board's remuneration policy and a discussion of the differing structures of Non-Executive Directors and senior executives' remuneration are also discussed in the Remuneration Report throughout sections 1 to 4.

Hedging

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

This statement has been approved by the Board and is current as at 2 August 2016.

Directors' Report

FOR THE YEAR ENDED 25 JUNE 2016

The Directors present their report together with the consolidated financial statements of the Group consisting of Seven West Media Limited and the entities it controlled at the end of, or during, the year ended 25 June 2016 and the auditor's report thereon.

Board

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

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

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

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

Principal activities

The principal activities of the Group during the financial year were free to air television broadcasting, newspaper and magazine publishing, online and radio broadcasting and a subscription video on demand service (Presto TV). There were no significant changes in the nature of the Group's principal activities during the financial year.

Business strategies, prospects and likely developments

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

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

Significant changes in the state of affairs

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

- On 15 September 2015, the Company announced details of an on-market buy-back of up to 99.9 million of the Company's shares, representing approximately 6.6% of the Company's ordinary shares. The buy-back commenced on 29 September 2015 and at the date of this report, 5.4 million ordinary shares have been bought back at a cost of AUD $3.8 million.
- On 27 May 2016, the Company confirmed that it is in negotiations to acquire perthnow and The Sunday Times from News Australia. Any agreement will be subject to regulatory approval including from the ACCC.

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

Matters subsequent to the end of the financial year

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

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

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 25 June 2016, and the numbers of meetings attended by each Director were:

	Meetings of Directors		Audit and Risk		Remuneration and Nomination	
	a	b	a	b	a	b
Directors						
KM Stokes AC	9	9	–	–	2	2
T Worner	9	9	6	6	4	4
JH Alexander	9	8	1	1	8	8
Dr ME Deaker	9	9	7	7	8	8
D Evans	9	8	7	6	8	8
PJT Gammell	9	9	7	7	–	–
JG Kennett AC	9	9	2	2	3	3
M Malone	9	9	6	6	2	2
SC McGregor	9	8	6	6	1	1
RK Stokes	9	9	6	6	8	8

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

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

Performance rights and options

During the financial year, 4,303,383 rights were issued over an equivalent number of unissued fully paid ordinary shares in the Company under the Seven West Media Equity Incentive Plan.

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

Share Plan	Rights on Issue	Expiry Date
Seven West Media Equity Incentive Plan (2014 LTI)	1,133,929	1 September 2016
Seven West Media Equity Incentive Plan (2015 LTI)	1,629,004	1 September 2017
Seven West Media Equity Incentive Plan (2016 LTI)	4,303,383	1 September 2018
Chief Executive Officer of West Australian Newspapers	69,986	12 August 2016

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

During the financial year, no rights vested and 1,173,723 rights lapsed.

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

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

Dividends – Seven West Media Limited

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

	2016 **$'000**	2015 $'000
Final ordinary dividend for the year ended 27 June 2015 of 4 cents (2014 – 6 cents) per share paid on 9 October 2015	**60,529**	59,894
Interim ordinary dividend for the year ended 25 June 2016 of 4 cents (2015 – 6 cents) per share paid on 11 April 2016	**60,321**	59,890
	120,850	119,784

In addition to the above dividends, since the end of the 2016 financial year the Directors have declared the payment of a final ordinary dividend of 4 cents per share, to be paid on 7 October 2016.

Environmental regulation

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

Greenhouse gas and energy data reporting requirements

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

There are no other particular environmental regulations for the Group.

Directors' interests in shares

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

	Performance Rights	**Number of ordinary shares**
Directors		
KM Stokes AC	–	619,753,734
TG Worner	3,483,631	293,810
JH Alexander	–	55,768
Dr ME Deaker	–	26,161
D Evans	–	927,803
PJT Gammell	–	329,216
JG Kennett AC	–	75,000
M Malone	–	133,000
SC McGregor	–	29,821
RK Stokes	–	240,466

Remuneration report

A remuneration report is set out on the pages that follow (pages 68 to 82) and forms part of this Directors' Report.

Indemnity and insurance of Directors and officers

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

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

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

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

Non-audit services

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

Details of amounts paid or payable to the auditor, KPMG, for audit and non-audit services provided during the year are set out in note 7.1 to the financial statements. The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 83.

Rounding of amounts

The Company is of a kind referred to in ASIC Class Order 98/0100, dated 10 July 1988 and in accordance with that Class Order, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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

Kerry Stokes

KM Stokes AC
Chairman
Sydney

2 August 2016

Remuneration Report

Message from the Remuneration & Nomination Committee

Dear Shareholder

Seven West Media is pleased to present its Remuneration Report for the 2016 financial year (FY16), which sets out remuneration information for Key Management Personnel and Non-Executive Directors.

Changes to Remuneration Framework

During FY16, an amendment was made to the financial gateway applying to the short-term incentive (STI) plan.

Under the previous STI plan structure, the level of award available was based upon the achievement of an EBIT target.

Where the target was not met the Remuneration & Nomination Committee had the discretion to consider other factors that may be relevant to determine the level of potential payment for participants.

Under the revised approach to the EBIT gateway, specific levels of Group performance achievement and the corresponding potential STI award outcomes have been set and are disclosed in section 1.a.ii.

The amendment has been made to provide greater transparency in disclosure around the eligibility for STI payments amongst senior executives, setting a framework for the level of potential STI award pool for different levels of achievement against the Group underlying EBIT target.

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

Additionally, we are in the process of developing the direction for a new incentive framework.

There are compelling opportunities for improvement including:

- Simplification of the short-term incentive and the long-term incentive plans.
- Enhanced alignment between the executive and shareholder interests.
- Driving performance aligned to the updated business strategy.

We are looking to work through these matters with a view to implementing changes during the 2017 financial year.

Executive Remuneration Details

Details on the executive remuneration arrangements and the remuneration for FY16 are set out in this Remuneration Report. I invite you to read the FY16 Remuneration Report and welcome any questions you may have around Seven West Media's remuneration framework at our 2016 Annual General Meeting.

Yours faithfully

Mr John Alexander
Remuneration & Nomination Committee Chairman

Remuneration Report – audited

Introduction

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

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

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

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

This report is set out under the following main headings:

1. Executive Remuneration

a. Executive Remuneration Framework

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

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

The remuneration of the MD & CEO reflects Mr Worner's extensive experience at Seven West Media and his exceptional performance, proven leadership and key strategic contributions in his long tenure with the Company. His remuneration package is positioned within a competitive range of the Company's direct industry peers, with consideration for the particularly competitive nature of the media and entertainment industry. Mr Worner's fixed remuneration has not changed since his commencement as Chief Executive Officer on 1 July 2013.

i. Fixed Remuneration

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

ii. Variable Remuneration

Variable remuneration comprises two elements:

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

Short-Term Incentive Plan

The STI plan provides participants with the opportunity to earn an annual 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, 50 per cent of the STI award may be deferred for up to three years (please refer to the 'STI deferral' section below).

STI Opportunity

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

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

If the executive reaches or exceeds their on-target STI opportunity, 50 per cent of their award may be deferred into share rights. Further details on the deferral into share rights are set out below.

STI Award

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

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

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

Minimum Individual Performance Measure

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

Key performance indicators

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

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

<table>
<tr><th>Participant</th><th>Scorecard measures and weightings</th></tr>
<tr><td>MD & CEO</td><td>Individual scorecard measures are grouped into two categories – quantitative and qualitative measures. Individual measures include:
• Company net profit after tax (NPAT) 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,
• development and execution of business strategy,
• cost management across the Group.
Each individual measure is allocated a specific weighting such that the sum of the collective measures' weightings equals the relevant percentage of the participant's STI opportunity. For the MD & CEO, 75 per cent of his STI KPIs relate to quantitative measures.</td></tr>
<tr><td>Other executives</td><td>Individual scorecard measures are grouped into two categories – quantitative and qualitative measures. Individual measures include:
• Company net profit after tax (NPAT) performance,
• 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 for executives in the television business,
• circulation performance and market share for the Pacific executives,
• circulation performance for the Newspapers 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. For the other executives, between 40 and 60 per cent of their STI KPIs relate to quantitative measures.</td></tr>
</table>

Performance Measurement

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

Based on each executive's individual performance rating, the MD & CEO may apply a discretionary adjustment during the performance assessment process. Discretionary adjustments are applicable to the overall STI award and are limited to a 25 per cent 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 significant out-performance.

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

STI Deferral

To enhance long-term focus, where the STI award amount reaches or exceeds the on-target amount, 50 per cent of the total award is deferred into share rights. The number of share rights allocated to each executive is determined by dividing the dollar amount of the participant's STI award being deferred into share rights by an average share price, rounded down to the nearest whole number of share rights. The average share price used is the 5 day volume weighted average price of Seven West Media shares following the announcement of full year results for the relevant financial year. 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 do not have any entitlements to dividends or voting rights until the share rights have vested.

No executive received an STI award at on-target level in FY16 and therefore no deferred share rights will be granted in respect of FY16 STI awards.

Long-term incentive plan

In FY16 executives were invited by the Board to participate in the LTI plan. The value of the LTI granted in FY16 to the MD & CEO was equivalent to 50 per cent of the MD & CEO's fixed remuneration. The LTI grant to the MD & CEO was approved by shareholders at the Company's Annual General Meeting on 12 November 2015. The value of the LTI granted in FY16 to the other executives was equivalent to 25 per cent of the executive's fixed remuneration. The purpose of the LTI plan is to encourage sustained performance, drive long-term shareholder value creation and ensure alignment of executive remuneration outcomes to shareholder interests. LTI awards, which are structured as rights to acquire ordinary shares in the Company at no cost to the executive, will only deliver benefits to participants if certain earnings targets and shareholder returns are achieved and the executive remains employed by the Company over the three-year performance period.

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

Seven West Media long-term incentive plan

What is granted?	The grant is made in the form of performance rights. The performance rights are granted at no cost and each right entitles the participant to one ordinary share in the Company, subject to the achievement of the performance hurdles and service conditions outlined below.
How many performance rights are granted?	The value of LTI granted is allocated annually and, for the MD & CEO is 50 per cent of the MD & CEO's fixed remuneration and for other executives is 25 per cent of the participant's fixed remuneration. The number of performance rights granted to each executive is equivalent to the face value of the LTI grant divided by an amount calculated based on the share price in accordance with the terms and conditions of the plan.
What is the performance hurdle?	The vesting of performance rights granted under the LTI plan is dependent on two independent performance measures, Diluted Earnings Per Share (DEPS) and relative Total Shareholder Return (TSR) measured against a comparator group.
Why was the DEPS performance hurdle chosen, and how is performance measured?	Half of the award is subject to a DEPS hurdle. DEPS provides a direct link between executive performance and shareholder wealth creation driven through the increase in diluted earnings per share. The DEPS target for each grant is the sum of three annual DEPS growth targets set by the Board over each of the three years of the performance period (i.e. for the FY16 grant, FY16, FY17 and FY18). The Board believes this is the most appropriate way to assess the Company's performance as it reflects the performance expectations for each coming year, taking into account external market conditions and projected outlook. The DEPS target is set and communicated to executives at the beginning of the financial year and disclosed retrospectively the following financial year. The Board believes that setting hurdles based on one-year projections (that are ultimately measured in aggregate) better align to the interests of shareholders than setting a three-year DEPS target at the beginning of each performance period that may become unrealistic or insufficiently challenging as external market conditions change. The threshold DEPS target for FY16 is the budget DEPS for that financial year and the stretch DEPS hurdle is 10% growth on actual DEPS in the 2015 financial year (adjusted for significant items). The actual annual DEPS targets and performance against each target are disclosed retrospectively (i.e. in the following financial year). Diluted EPS is calculated by dividing the underlying net profit or loss (for the reporting period) by the weighted average number of total ordinary shares in the Company plus the potential number of ordinary shares that may be on issue. DEPS is the figure for diluted earnings per share as reported in the relevant Annual Report. The Board has discretion to make such adjustments to this figure for abnormal or unusual profit items as it considers appropriate. The percentage of DEPS performance rights that vest (if any) at the end of the three-year performance period is based on the following schedule:

Seven West Media long-term incentive plan

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

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

FY16 Targets:

- Threshold (budget) DEPS was 13.9 cents (excluding significant items);
- Stretch DEPS was 17.6 cents (excluding significant items); and
- Actual DEPS for the year ending 25 June 2016 was 13.8 cents (excluding significant items).

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

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

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

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

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

When will performance be tested?

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

Disposal restrictions on vested shares

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

Do the performance rights carry dividend or voting rights?

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

What happens in the event of a change in control?

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

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

b. Link between Remuneration Policy and Group Performance

In FY16, the remuneration policy was linked to profit before significant items, net finance costs and tax (EBIT), diluted earnings per share (DEPS) (excluding significant items) and total shareholder return (TSR) performance of the Group.

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

	2012	2013	2014	2015	2016
Profit before significant items[1], net finance costs and tax (EBIT) ($'000's)	473,423	422,015	408,177	356,333	318,126
Net finance costs ($'000's)	(148,240)	(102,452)	(77,788)	(60,709)	(37,780)
Significant items[1] ($'000's)	–	(294,933)	(87,040)	(2,122,791)	(32,933)
Profit before tax ($'000's)	325,183	24,630	243,349	(1,827,167)	247,413
Diluted earnings per share (as reported) (cents)[2]	26.4	(7.1)	12.6	(181.1)	12.2
Diluted earnings per share (excluding significant items)[1] (cents)	26.4	19.6	19.9	16.0	13.7
Dividend per share (cents)	45.0	45.0	12.0	12.0	8.0
Share price as at reporting date ($)	1.75	1.90	1.89	1.05	1.08
Return on capital employed (%)	10.26	9.54	9.70	16.20	16.48

1. For details of significant items refer note 1.4 to the financial statements
2. 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 2.27 for 3 entitlement for the 2015 financial year.

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

c. FY16 Executive remuneration outcomes

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

Following achievement of 94 per cent of the Group's underlying EBIT target for FY16, a pool of 25 per cent of the on-target amount may be paid as STI awards to executives. The pool awarded to executives for FY16 amounts to 22 per cent of the on-target entitlement.

Individual STI award outcomes

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

STI awards were made to executives who delivered against particular significant KPIs. These include an unprecedented successful year in television ratings and revenue share, establishing the digital revenue stream, building content capability to position the Group for future growth and delivery of focused cost reduction and transformation initiatives to meet market demands.

The table below outlines the STI award outcomes for each executive in FY16.

Executive	% of on-target FY16 STI paid in cash	% of on-target FY16 STI forfeited	Portion of FY16 STI deferred into share rights
MD & CEO – Tim Worner	38	62	0%
Group Executive, Human Resources – Melanie Allibon	20	80	0%
Chief Revenue Officer – Kurt Burnette	12	88	0%
Chief Digital Officer – Clive Dickens	55	45	0%
Group Chief – Corporate and Regulatory Affairs – Bridget Fair	18	82	0%
Chief Financial Officer – Warwick Lynch	0	100	0%
Commercial Director – Bruce McWilliam	30	70	0%
Chief Executive Officer WA – Chris Wharton	0	100	0%
Chief Executive Officer, Pacific Magazines – Peter Zavecz	0	100	0%

The remuneration in detail table in section 1.d contains a comparison to 2015 financial year incentive payments.

d. Executive Remuneration in Detail

Details of the remuneration of the Company's executive director and key management personnel for the year ended 25 June 2016 are set out in the following table.

		Short–term benefits			Post-employment benefits	Other long-term benefits	Termination benefits	Share-Based payments		
		Cash salary and fees	Cash bonus & incentives[2,3]	Non-monetary benefits[1]	Super-annuation	Long service leave and annual leave[5]	Termination benefits	Rights & options[6]	Total	Remuneration performance related
	Year	$	$	$	$	$	$	$	$	%
Executive director of the Company										
TG Worner	**2016**	**2,580,692**	**500,000**	**21,670**	**19,308**	**73,345**	**–**	**(362,016)**	**2,832,999**	**14**
	2015	2,581,217	–	21,866	18,783	13,328	–	409,657	3,044,851	–
Key management personnel of the Company										
MJ Allibon[4]	**2016**	**374,442**	**40,000**	**–**	**19,308**	**14,816**	**–**	**(9,562)**	**439,004**	**8**
	2015	374,967	50,000	4,344	18,783	8,078	–	20,128	476,300	10
DJ Boorman (resigned 5 January 2015)	**2016**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2015	389,647	–	–	19,584	7,724	400,000	(32,764)	784,191	–
KJ Burnette	**2016**	**1,230,692**	**75,000**	**100,774**	**19,308**	**44,878**	**–**	**(112,996)**	**1,357,656**	**5**
	2015	1,193,717	250,000	25,435	18,783	11,175	–	105,743	1,604,853	16
N Chan (resigned 3 December 2014)	**2016**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2015	385,179	–	7,698	16,002	4,961	1,141,691	(140,760)	1,414,771	–
CR Dickens[7]	**2016**	**530,692**	**150,000**	**15,075**	**19,308**	**28,221**	**–**	**28,470**	**771,766**	**19**
	2015	237,402	60,000	–	9,392	8,334	–	6,381	321,509	19
BC Fair	**2016**	**530,692**	**50,000**	**7,992**	**19,308**	**9,185**	**–**	**(7,254)**	**609,923**	**8**
	2015	531,217	50,000	17,451	18,783	32,301	–	20,488	670,240	7
WO Lynch[8]	**2016**	**655,692**	**–**	**10,785**	**19,308**	**23,062**	**–**	**15,301**	**724,148**	**–**
	2015	310,826	75,000	5,155	9,249	32,301	–	–	432,531	17
BI McWilliam[4]	**2016**	**805,692**	**125,000**	**10,831**	**19,308**	**39,492**	**–**	**(137,649)**	**862,674**	**11**
	2015	806,217	150,000	4,409	18,783	22,564	–	116,673	1,118,646	13
CS Wharton	**2016**	**918,667**	**–**	**50,069**	**19,308**	**(51,835)**	**–**	**(125,135)**	**811,074**	**–**
	2015	925,149	125,000	80,147	18,783	5,118	–	106,067	1,260,264	10
P Zavecz[9]	**2016**	**580,692**	**–**	**20,946**	**19,308**	**(6,257)**	**–**	**28,853**	**643,542**	**–**
	2015	333,313	75,000	19,149	10,821	3,802	–	9,177	451,262	17
Total Executives	**2016**	**8,207,953**	**940,000**	**238,142**	**173,772**	**174,907**	**-**	**(681,988)**	**9,052,786**	
Total Executives	2015	8,068,851	835,000	185,654	177,746	149,686	1,541,691	620,790	11,579,418	

1. Provision of a motor vehicle and/or other benefits.
2. STI award for 2015 being a percentage of the on-target STI award opportunity.
3. STI award for 2016 being a percentage of the on-target STI award opportunity.
4. Excludes cash salaries and fees charged by Seven West Media Limited to Seven Group Holdings Limited for the provision of services to Seven Group Holdings by MJ Allibon and BI McWilliam in a company to company agreement.
5. Includes movement in annual leave and long service leave balances. The accounting value may be negative where an executive's annual leave balance decreases as a result of taking more than the leave accrued during the year.
6. The accounting value of share based payments may be negative, for example where an Executive's share based payment expense includes cumulative adjustments for changes in non-market vesting conditions.
7. CR Dickens was appointed as KMP on 21 January 2015 and as such the 2015 comparison is not for a full year.
8. WO Lynch was appointed as KMP on 5 January 2015 and as such the 2015 comparison is not for a full year
9. P Zavecz was appointed as KMP on 3 December 2014 and as such the 2015 comparison is not for a full year.

e. Service Agreements

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

Name	Duration of Contract	Period of Notice Required to Terminate the Contract	Contractual
TG Worner	Three years[1]	Twelve months' notice[2]	Nil
MJ Allibon	Open ended	Six months' notice	Nil
KJ Burnette	Two years	Three months' notice given by either party after the fixed term.	Remainder of contract term, plus notice period, to a maximum of 12 months where termination occurs during the contract term.
CR Dickens	Open ended	Six months' notice	Nil
BC Fair	Open ended	Three months' notice	Nil
WO Lynch	Open ended	Six months' notice	Nil
BI McWilliam	Open ended	Three months' notice	Nil
CS Wharton	Open ended	Three months' notice	Nil
P Zavecz	Three years	Six months' notice	Nil

1. At the end of the first anniversary of the commencement date either the Company or TG Worner had an option to extend the term for a further year. If such option is exercised then on the second anniversary of the commencement date either the Company or TG Worner had an option to extend the term for an additional year. The first and second options to extend TG Worner's contract by one year have each been exercised.
2. The Company may give TG Worner twelve months' notice to terminate and TG Worner may give the Company twelve months' notice to terminate other than during the first two years of the term.

2. Non-Executive Director Remuneration

a. Non-Executive Director Remuneration Framework

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

The aggregate of payments each year to NEDs must be no more than the amount approved by shareholders in the annual general meeting (AGM). The current aggregate is $1,900,000, which was approved at the 2013 AGM held on 13 November 2013. The aggregate of payments to NEDs in FY16 did not exceed the approved amount.

The fees for the year to 25 June 2016 were $135,000 per annum for Non-Executive Directors, $250,000 to the Deputy Chairman and $335,000 per annum to the Chairman. In addition, a fee of $26,000 per annum is paid to the Chairman of the Audit & Risk Committee and $20,000 is paid to the Chairman of the Remuneration & Nomination Committee. Members of the Audit & Risk Committee receive an additional fee of $14,000 per annum and members of the Remuneration & Nomination Committee receive an additional fee of $10,000 per annum. The Deputy Chairman and Chairman are not eligible to receive Committee fees. The Company's statutory superannuation contributions are included in these amounts. Non-Executive director fees have not been increased since 1 July 2011.

b. Non-Executive Remuneration in Detail

Details of the remuneration of the Company's Non-Executive Directors for the year ended 25 June 2016 are set out in the following table.

		Short–term benefits			Post–employment benefits	
	Year	Cash salary and fees $	Cash bonus & incentives $	Non–monetary benefits $	Super–annuation $	Total $
Non–Executive directors of the Company						
KM Stokes AC – Chairman	**2016**	**315,692**	**–**	**12,510**	**19,308**	**347,510**
	2015	316,217	–	–	18,783	335,000
DR Voelte AO – Deputy Chairman (retired 24 June 2015)	**2016**	**–**	**–**	**–**	**–**	**–**
	2015	231,217	–	–	18,783	250,000
JH Alexander	**2016**	**141,553**	**–**	**–**	**13,447**	**155,000**
	2015	141,553	–	–	13,447	155,000
Dr ME Deaker	**2016**	**159,000**	**–**	**–**	**–**	**159,000**
	2015	159,000	–	–	–	159,000
D Evans	**2016**	**156,165**	**–**	**–**	**14,836**	**171,001**
	2015	156,164	–	–	14,836	171,000
DR Flynn (retired 1 September 2014)	**2016**	**–**	**–**	**–**	**–**	**–**
	2015	22,679	–	–	2,155	24,834
PJT Gammell	**2016**	**136,073**	**–**	**–**	**12,927**	**149,000**
	2015	136,073	–	–	12,927	149,000
GT John AO (retired 12 November 2014)	**2016**	**–**	**–**	**–**	**–**	**–**
	2015	48,554	–	–	4,193	52,747
M Malone	**2016**	**125,426**	**–**	**–**	**11,915**	**137,341**
	2015	–	–	–	–	–
SC McGregor	**2016**	**126,281**	**–**	**–**	**11,997**	**138,278**
	2015	–	–	–	–	–
JG Kennett AC	**2016**	**126,281**	**–**	**–**	**11,997**	**138,278**
	2015	–	–	–	–	–
RK Stokes	**2016**	**132,420**	**–**	**4,529**	**12,580**	**149,529**
	2015	132,420	–	–	12,580	145,000
Total Non–Executive Directors	**2016**	**1,418,891**	**–**	**17,039**	**109,007**	**1,544,937**
Total Non–Executive Directors	2015	1,343,877	–	–	97,704	1,441,581

3. Key Management Personnel Equity Transactions and Holdings

a. Equity Incentive Plan Holdings

Long-Term Incentive Plan

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

FY16 grants

Details of vesting profiles of the performance rights granted as remuneration in FY16 to each executive of the Group under its LTI plan are detailed below.

Executive	Number of share rights	Grant Date	Expiry Date	Fair value per right at Grant Date TSR component ($)	Fair value per right at Grant Date DEPS component ($)	Number of rights vested during FY16	% forfeited in FY16	Financial year in which grant may vest
TG Worner	2,031,250	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019
MJ Allibon	205,078	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019
KJ Burnette	488,281	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019
CR Dickens	214,843	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019
BC Fair	214,843	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019
WO Lynch	94,401	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019
BI McWilliam	429,687	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019
CS Wharton	390,625	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019
P Zavecz	234,375	4 April 2016	1 September 2018	$0.47	$0.86	–	–	June 2019

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

Prior year grants

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

Executive	Number of share rights	Grant Date	Expiry Date	Fair value per right at Grant Date TSR component ($)	Fair value per right at Grant Date DEPS component ($)	Number of rights vested during FY16	% forfeited in FY16	Financial year in which grant may vest
TG Worner	833,333	15 June 2015	1 September 2017	$0.11	$0.88	–	–	June 2018
MJ Allibon	84,134	15 June 2015	1 September 2017	$0.11	$0.88	–	–	June 2018
KJ Burnette	192,307	15 June 2015	1 September 2017	$0.11	$0.88	–	–	June 2018
CR Dickens	38,782	15 June 2015	1 September 2017	$0.11	$0.88	–	–	June 2018
BC Fair	88,141	15 June 2015	1 September 2017	$0.11	$0.88	–	–	June 2018
BI McWilliam	176,282	15 June 2015	1 September 2017	$0.11	$0.88	–	–	June 2018
CS Wharton	160,256	15 June 2015	1 September 2017	$0.11	$0.88	–	–	June 2018
P Zavecz	55,769	15 June 2015	1 September 2017	$0.11	$0.88	–	–	June 2018

Executive	Number of share rights	Grant Date	Expiry Date	Fair value per right at Grant Date TSR component ($)	Fair value per right at Grant Date DEPS component ($)	Number of rights vested during FY16	% forfeited in FY16	Financial year in which grant may vest
TG Worner	619,048	2 June 2014	1 September 2016	$0.60	$1.62	–	–	June 2017
MJ Allibon	62,500	2 June 2014	1 September 2016	$0.60	$1.62	–	–	June 2017
KJ Burnette	142,857	2 June 2014	1 September 2016	$0.60	$1.62	–	–	June 2017
BC Fair	59,524	2 June 2014	1 September 2016	$0.60	$1.62	–	–	June 2017
BI McWilliam	130,952	2 June 2014	1 September 2016	$0.60	$1.62	–	–	June 2017
CS Wharton	119,048	2 June 2014	1 September 2016	$0.60	$1.62	–	–	June 2017
TG Worner	516,528	1 March 2013	1 September 2015	$0.93	$2.07	–	100	June 2016
KJ Burnette	182,231	1 March 2013	1 September 2015	$0.93	$2.07	–	100	June 2016
BI McWilliam	227,272	1 March 2013	1 September 2015	$0.93	$2.07	–	100	June 2016
CS Wharton	206,611	1 March 2013	1 September 2015	$0.93	$2.07	–	100	June 2016

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

Short–Term Incentive Plan

No share rights were granted as remuneration in FY16, or in prior years, to executives under the STI plan.

Legacy Incentive Plan

An LTI plan was in place for CS Wharton in the 2010, 2011 and 2012 financial years. No grant was made under the LTI plan in respect of the 2012 financial year due to business performance during the period. The operation of this LTI plan has otherwise been discontinued. From the 2013 financial year CS Wharton was transitioned to the Seven West Media LTI plan.

Details of vesting profiles of the awards that were on-foot during FY16 to CS Wharton are detailed below.

Executive	Number of share rights	Grant Date	Expiry Date	Fair value per right at Grant Date TSR component ($)	Number of rights vested during FY16	% forfeited in FY16	Financial year in which grant may vest
CS Wharton[1]	41,081	3 August 2010	3 August 2015	$4.95	41,081	100	June 2014
CS Wharton[2]	69,986	12 August 2011	12 August 2016	$1.75	–	–	June 2015

1. Granted in the 2011 financial year in relation to performance in the 2010 financial year.
2. Granted in the 2012 financial year in relation to performance in the 2011 financial year.

The Company performed the five year TSR test on CS Wharton's 3 August 2010 performance rights as at 3 August 2015 and determined that 0% of the performance rights vested. The five year test was the final test and as a result CS Wharton's 3 August 2010 performance rights were forfeited.

The maximum possible total value of the CS Wharton's remaining 12 August 2011 award, assuming all vesting conditions are met, is calculated as the number of performance rights times the fair value. If all vesting conditions are met, these rights will be received by CS Wharton in the year of vesting. The minimum possible total value is nil where the vesting conditions are not met.

The Company performed the 3 year test on CS Wharton's 12 August 2011 performance rights as at 12 August 2014 and determined that 0% of the performance rights vested at the first test. The remaining award may vest in accordance with the TSR hurdles outlined below.

CS Wharton LTI vesting conditions

How is TSR performance measured?	<table><tr><th>Company's TSR ranking in the comparator group</th><th>Proportion of performance rights vesting</th></tr><tr><td>Below the 50th percentile</td><td>Nil</td></tr><tr><td>At the 50th percentile</td><td>50%</td></tr><tr><td>Between the 50th and 75th percentiles</td><td>Between 50% and 100%, increasing on a straight-line basis</td></tr><tr><td>At the 75th percentile</td><td>100%</td></tr><tr><td>Between the 75th and 100th percentiles</td><td>Between 100% and 150%, increasing on a straight-line basis</td></tr><tr><td>At the 100th percentile</td><td>150%</td></tr></table>
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.

Total Performance Rights Holdings

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

2016	Balance at start of the year	Rights granted as remuneration	Exercised	Expired or Forfeited	Balance at the end of the year[1]
TG Worner	1,968,909	2,031,250	–	(516,528)	3,483,631
MJ Allibon	146,634	205,078	–	–	351,712
KJ Burnette	517,395	488,281	–	(182,231)	823,445
CR Dickens	38,782	214,843	–	–	253,625
BC Fair	147,665	214,843	–	–	362,508
WO Lynch	–	94,401	–	–	94,401
BI McWilliam	534,506	429,687	–	(227,272)	736,921
CS Wharton	596,982	390,625	–	(247,692)	739,915
P Zavecz	55,769	234,375	–	–	290,144

1. The balance of performance rights at the end of the year are unvested rights.

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b. Equity Holdings and Transactions

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

2016	Balance at start of the year	Shares granted as compensation	Purchases and other changes duringthe year	Balance at the end of the year
Directors of the Company				
KM Stokes AC	619,753,734	–	–	619,753,734
JH Alexander	55,768	–	–	55,768
Dr ME Deaker	26,161	–	–	26,161
D Evans	927,803	–	–	927,803
PJT Gammell	329,216	–	–	329,216
JG Kennett AC	25,000	–	50,000	75,000
M Malone	–	–	133,000	133,000
SC McGregor	–	–	29,821	29,821
RK Stokes	240,466	–	–	240,466
Executive director of the Company				
TG Worner	293,810	–	–	293,810
Key Management Personnel of the Group				
MJ Allibon	6,993	–	6,208	13,201
KJ Burnette	8,765	–	–	8,765
CR Dickens	–	–	4,000	4,000
BC Fair	7,484	–	(7,484)	–
WO Lynch	–	–	–	–
BI McWilliam	611,044	–	–	611,044
CS Wharton	93,496	–	5,915	99,411
P Zavecz	50,363	–	(20,000)	30,363

4. Loans and Other Transactions with Key Management Personnel

During FY16, a company associated with a Director, Mr Jeffrey Kennett AC, was party to a consulting agreement with the Group. The consulting agreement provides for the services of Mr Jeffrey Kennett AC to be supplied to Seven West Media to perform the role of political commentator, independent of his duties as a non-executive director with Seven West Media. Total fees paid during the year in relation to this consulting agreement were $200,000 (2015: $3,788).

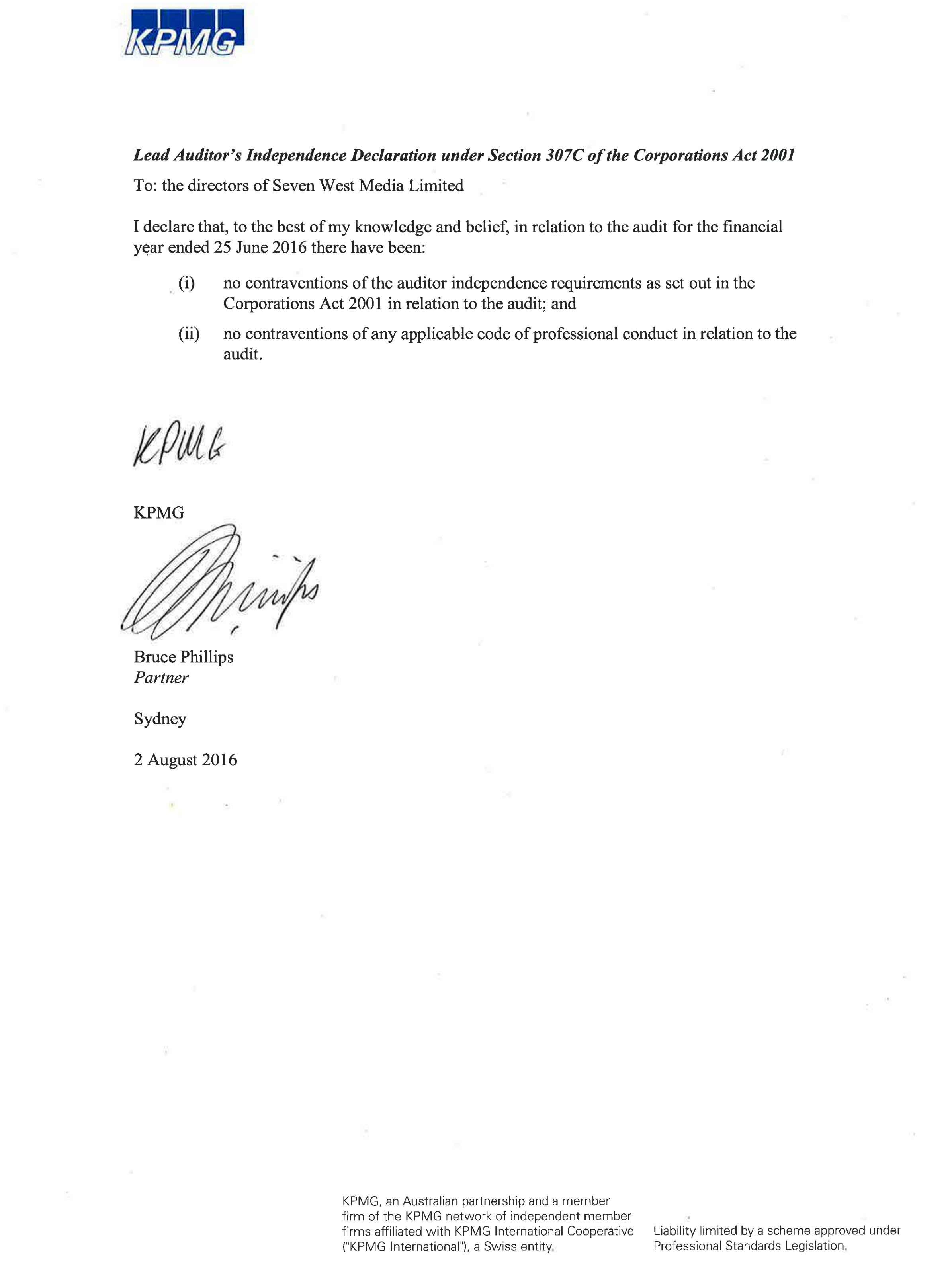
There were no loans provided to Key Management Personnel during FY16.

5. Services from Remuneration Consultants

The Committee did not engage any remuneration consultants to provide remuneration recommendations in FY16.

End of remuneration report.

Auditor's Independence Declaration



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 25 June 2016 there have been:

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

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

KPMG

KPMG

Bruce Phillips
Partner

Sydney

2 August 2016

Financial Statements

Seven West Media Limited

FOR THE YEAR ENDED 25 JUNE 2016

Introduction and Basis of Preparation

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

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

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

The consolidated financial statements were authorised for issue by the Board of Directors on 2 August 2016.

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

The financial statements are presented in Australian dollars (AUD) and all values are rounded to the nearest $1,000 unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission (ASIC) Class order 98/100. The Company is an entity to which the Class Order applies.

In order to improve the readability and usefulness, the structure and language of the Company’s financial statements has been reviewed and modified by removing immaterial notes, re-wording and re-labelling disclosures and re-ordering notes according to their significance.

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

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 25 JUNE 2016

	Notes	**2016** **$'000**	2015 $'000
Revenue	1.2	**1,720,541**	1,770,295
Other income	1.2	**6,142**	941
Revenue and other income		**1,726,683**	1,771,236
Expenses (excluding impairment)	1.3	**(1,428,679)**	(1,475,917)
Share of net (loss) profit of equity accounted investees	6.1	**(12,811)**	3,446
Impairment of intangible assets	1.4	**–**	(1,994,232)
Impairment of equity accounted investees	1.4	**–**	(70,991)
Profit (loss) before net finance costs and tax		**285,193**	(1,766,458)
Finance costs		**(41,707)**	(64,216)
Finance income		**3,927**	3,507
Profit (loss) before tax		**247,413**	(1,827,167)
Tax expense	4.1	**(63,124)**	(60,210)
Profit (loss) for the year		**184,289**	(1,887,377)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		**(2,640)**	(3,467)
Exchange differences on translation of foreign operations		**(41)**	95
Tax relating to items that may be reclassified subsequently to profit or loss		**792**	1,040
Other comprehensive expense for the year, net of tax		**(1,889)**	(2,332)
Total comprehensive income (expense) for the year attributable to owners of the Company		**182,400**	(1,889,709)
Earnings per share for profit (loss) attributable to the ordinary equity holders of the Company			
Basic earnings per share	1.5	**12.2 cents**	(181.1) cents
Diluted earnings per share	1.5	**12.2 cents**	(181.1) cents

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

Consolidated Statement of Financial Position

AS AT 25 JUNE 2016

	Notes	**2016** **$'000**	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	2.1	**94,788**	141,845
Trade and other receivables	2.2	**295,592**	271,918
Current tax receivable		**–**	2,225
Program rights and inventories	2.3	**234,285**	152,049
Other assets		**6,718**	6,096
Total current assets		**631,383**	574,133
Non-current assets			
Program rights	2.3	**29,205**	35,600
Equity accounted investees	6.1	**216,010**	214,321
Other investments		**23,147**	3,777
Property, plant and equipment	3.2	**209,097**	219,307
Intangible assets	3.1	**1,552,962**	1,555,198
Other assets		**3,873**	3,656
Total non-current assets		**2,034,294**	2,031,859
Total assets		**2,665,677**	2,605,992
LIABILITIES			
Current liabilities			
Trade and other payables	2.4	**322,555**	297,682
Provisions	3.3	**98,295**	80,433
Deferred income		**34,231**	33,471
Current tax liabilities		**4,900**	–
Total current liabilities		**459,981**	411,586
Non-current liabilities			
Trade and other payables	2.4	**39,324**	23,406
Provisions	3.3	**32,727**	37,771
Deferred income		**8,474**	14,689
Deferred tax liabilities	4.2	**61,878**	48,883
Borrowings	5.1	**810,752**	874,665
Total non-current liabilities		**953,155**	999,414
Total liabilities		**1,413,136**	1,411,000
Net assets		**1,252,541**	1,194,992
EQUITY			
Share capital	5.2	**3,393,145**	3,396,847
Reserves		**(5,021)**	(2,833)
Accumulated deficit		**(2,135,583)**	(2,199,022)
Total equity		**1,252,541**	1,194,992

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

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 25 JUNE 2016

	Notes	Share capital $'000	Cash flow hedge reserve $'000	Equity compensation reserve $'000	Reserve for own shares $'000	Foreign currency translation reserve $'000	Accumulated deficit $'000	Total equity $'000
Balance at 28 June 2014		3,090,474	(2,755)	2,819	(1,517)	–	(191,861)	2,897,160
Loss for the year		–	–	–	–	–	(1,887,377)	(1,887,377)
Cash flow hedge losses taken to equity		–	(3,467)	–	–	–	–	(3,467)
Foreign currency translation differences		–	–	–	–	95	–	95
Tax on other comprehensive income		–	1,040	–	–	–	–	1,040
Other comprehensive (expense) income for the year, net of tax		–	(2,427)	–	–	95	–	(2,332)
Total comprehensive (expense) income for the year		–	(2,427)	–	–	95	(1,887,377)	(1,889,709)
Transactions with owners in their capacity as owners								
Shares issued pursuant to 2.27–for–3 entitlement offer	5.2	310,678	–	–	–	–	–	310,678
Transaction costs arising on share issues	5.2	(4,367)	–	–	–	–	–	(4,367)
Shares issued pursuant to executive and employee share plans	5.2	62	–	–	–	–	–	62
Dividends paid	5.3	–	–	–	–	–	(119,784)	(119,784)
Share based payment expense		–	–	952	–	–	–	952
Total transactions with owners		306,373	–	952	–	–	(119,784)	187,541
Balance at 27 June 2015		**3,396,847**	**(5,182)**	**3,771**	**(1,517)**	**95**	**(2,199,022)**	**1,194,992**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**184,289**	**184,289**
Cash flow hedge losses taken to equity		–	(2,640)	–	–	–	–	(2,640)
Foreign currency translation differences		–	–	–	–	(41)	–	(41)
Tax on other comprehensive income		–	792	–	–	–	–	792
Other comprehensive expense for the year, net of tax		–	(1,848)	–	–	(41)	–	(1,889)
Total comprehensive (expense) income for the year		–	(1,848)	–	–	(41)	184,289	182,400
Transactions with owners in their capacity as owners								
Shares bought back on market	5.2	(3,805)	–	–	–	–	–	(3,805)
Shares issued pursuant to executive and employee share plans	5.2	103	–	–	–	–	–	103
Dividends paid	5.3	–	–	–	–	–	(120,850)	(120,850)
Share based payment expense		–	–	(299)	–	–	–	(299)
Total transactions with owners		(3,702)	–	(299)	–	–	(120,850)	(124,851)
Balance at 25 June 2016		**3,393,145**	**(7,030)**	**3,472**	**(1,517)**	**54**	**(2,135,583)**	**1,252,541**

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 25 JUNE 2016

	Notes	2016 $'000	2015 $'000
Cash flows related to operating activities			
Receipts from customers		**1,872,818**	1,971,055
Payments to suppliers and employees		**(1,611,229)**	(1,640,663)
Dividends received from equity accounted investees	6.1	**12,375**	18,583
Dividends received other		**1,479**	–
Interest and other items of similar nature received		**3,469**	3,486
Interest and other costs of finance paid		**(36,905)**	(62,677)
Income taxes paid, net of refunds		**(40,419)**	(6,781)
Net operating cash flows	2.1	**201,588**	283,003
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment		**(22,202)**	(22,238)
Proceeds from sale of property, plant and equipment		**183**	246
Payments for intangibles		**(9,705)**	(18,267)
Payments for equity accounted investees		**(2,544)**	(2,500)
Payments for other investments		**(11,369)**	(3,000)
Proceeds from capital return on investments	6.1	**–**	6,500
Payment for purchase of controlled entities, net of cash acquired		**(301)**	9
Loans issued to investees		**(10,973)**	(4,152)
Net investing cash flows		**(56,911)**	(43,402)
Cash flows related to financing activities			
Payment for share buy back	5.2	**(3,805)**	–
Proceeds from shares issued	5.2	**–**	310,678
Payments for transaction costs arising on share issues		**(1,822)**	(2,545)
Proceeds from shares issued pursuant to executive and employee share plans	5.2	**103**	62
Proceeds from borrowings		**91,563**	45,000
Repayment of borrowings		**(156,923)**	(400,000)
Dividends paid	5.3	**(120,850)**	(119,784)
Net financing cash flows		**(191,734)**	(166,589)
Net (decrease) increase in cash and cash equivalents		**(47,057)**	73,012
Cash and cash equivalents at the beginning of the year		**141,845**	68,833
Cash and cash equivalents at the end of the year	2.1	**94,788**	141,845

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

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

SECTION 1

Group Performance

1.1. Segment Information

1.1A. Description of segments

Accounting policy

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

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

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

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

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

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

1.1B. Segment information

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

1.1. Segment Information (continued)

Year ended 27 June 2015	REF	**Television** $'000	**Newspapers** $'000	**Pacific** $'000	**Other Business and New Ventures** $'000	**Corporate [B]** $'000	**Total** $'000
Revenue from continuing operations		1,279,138	260,913	220,101	10,143	–	1,770,295
Other revenue		27	30	–	–	884	941
Share of net profit of equity accounted investees		–	–	–	3,446	–	3,446
Revenue, other income and share of net profit of equity accounted investees		**1,279,165**	**260,943**	**220,101**	**13,589**	**884**	**1,774,682**
Expenses		(958,085)	(187,652)	(196,583)	(9,288)	(16,069)	(1,367,677)
Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation		**321,080**	**73,291**	**23,518**	**4,301**	**(15,185)**	**407,005**
Depreciation and amortisation	[A]	(25,140)	(21,525)	(3,197)	(810)	–	(50,672)
Profit (loss) before significant items, net finance costs and tax		**295,940**	**51,766**	**20,321**	**3,491**	**(15,185)**	**356,333**

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

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

1.1C. Other segment information

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

	2016 **$'000**	2015 $'000
Reconciliation of profit before significant items, net finance costs and tax		
Profit before significant items, net finance costs and tax	**318,126**	356,333
Finance income	**3,927**	3,507
Finance costs	**(41,707)**	(64,216)
Profit before tax excluding significant items	**280,346**	295,624
Significant items before tax (refer note 1.4)	**(32,933)**	(2,122,791)
Profit (loss) before tax	**247,413**	(1,827,167)

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

1.2. Revenue and Other Income

Accounting policy

Revenue recognition and measurement

The Group recognises revenue when:

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

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

Revenue is recognised for the major business activities as follows:

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

		2016	2015
	REF	**$'000**	$'000
Sales revenue			
Advertising revenue	[A]	**1,262,424**	1,369,534
Circulation revenue	[B]	**187,231**	202,842
Program sales and affiliate fees	[C]	**189,305**	149,699
Rendering of services	[D]	**22,970**	22,396
Other revenue	[E]	**58,611**	25,824
Total sales revenue		**1,720,541**	1,770,295
Other income			
Dividends received		**1,479**	–
Sundry income		**3,328**	886
Net gain on disposal of property, plant and equipment and computer software		**116**	55
Gain on investment at fair value		**1,219**	––
Total other income		**6,142**	941

1.3. Expenses

Profit (loss) before tax includes the following specific expenses:

	REF	**2016** **$'000**	2015 $'000
Depreciation and amortisation (excluding program rights amortisation)	[A]	**45,378**	50,672
Advertising and marketing expenses		**51,169**	53,185
Printing, selling and distribution (including newsprint and paper)		**103,318**	112,745
Media content (including program rights amortisation)	[A]	**562,719**	572,513
Employee benefits expense (excluding significant items)	[B]	**409,954**	411,540
Raw materials and consumables used (excluding newsprint and paper)		**9,190**	9,013
Repairs and maintenance		**18,653**	18,097
Licence fees		**57,516**	70,620
Rental expense relating to operating leases		**23,673**	25,739
Onerous contracts (significant item - refer note 1.4)		**–**	42,683
Redundancy and restructure costs (significant item - refer note 1.4)		**32,933**	13,934
Transaction costs (significant item - refer note 1.4)		**–**	951
Other expenses from ordinary activities		**114,176**	94,225
Total expenses		**1,428,679**	1,475,917

Included in the expenses above are the specific items [A] to [B] from continuing operations:

	2016 **$'000**	2015 $'000
[A] Depreciation of property, plant and equipment	**37,039**	38,724
Amortisation of intangible assets	**8,339**	11,948
Television program rights amortisation	**131,811**	130,633
Total depreciation and amortisation	**177,189**	181,305
[B] Employee benefits expense	**375,573**	371,971
Defined contribution superannuation expense	**34,381**	39,569
Total employee benefits expense	**409,954**	411,540

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

1.4. Significant Items

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

	REF	**2016 $'000**	2015 $'000
Impairment of Television goodwill	[A]	**–**	(960,875)
Impairment of Television licences	[A]	**–**	(929,268)
Impairment of Pacific and Newspapers goodwill	[A]	**–**	(65,709)
Impairment of Pacific and Newspapers mastheads and licences	[A]	**–**	(38,380)
Total impairment of intangible assets		**–**	(1,994,232)
Impairment of equity accounted investees	[B]	**–**	(70,991)
Total impairment of intangible assets and equity accounted investees		**–**	(2,065,223)
Redundancy and restructure costs	[C]	**(32,933)**	(13,934)
Onerous contracts	[D]	**–**	(42,683)
Transaction costs	[E]	**–**	(951)
Total significant items before tax		**(32,933)**	(2,122,791)
Tax benefit		**9,880**	26,269
Net significant items after tax		**(23,053)**	(2,096,522)

A. In the year ended 27 June 2015, the impairments were recognised as a result of changes to key assumptions in the Group's cash flow forecasts; these include:

Television

- Lower revenue growth rates from free–to–air television advertising.
- Expected increases in key costs based on changes in current operating market conditions.

Newspapers and Magazines

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

The Company reviewed the carrying values of all intangible assets at June 2016 to ensure that no amounts were in excess of their recoverable amounts. No impairment losses for intangible assets have been incurred or reversed during the year. See Note 3.1.

B. At June 2015, an impairment review of the Group's equity accounted investees was performed, resulting in an impairment of $70,991,400.

C. The redundancy and restructure costs recognised for June 2015 and 2016 relate to transformation programs across the Group.

D. Onerous contracts represent the minimum unavoidable net cost of the Group's discontinued and unprofitable program rights.

E. Transaction costs incurred in relation to the conversion of the Convertible Preference Shares completed on 4 June 2015.

1.5. Earnings Per Share

Accounting policy

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.

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 tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Retrospective adjustments

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

	REF	**2016**	2015
Basic earnings per share			
Profit (loss) attributable to the ordinary equity holders of the Company		**12.2 cents**	(181.1) cents
Diluted earnings per share			
Profit (loss) attributable to the ordinary equity holders of the Company		**12.2 cents**	(181.1) cents

	2016 **$’000**	2015 $’000
Earnings used in calculating earnings per share		
Profit (loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share.	**184,289**	(1,887,377)

	REF	**2016** **Number**	2015 Number
Weighted average number of shares used as the denominator			
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share		**1,508,916,001**	1,042,446,271
Adjustments for calculation of diluted earnings per share:	[A]		
• Shares issued pursuant to the suspended executive and employee share plans treated as options deemed to have been converted into ordinary shares at the beginning of the financial year		**896,950**	–
• Share rights issued pursuant to equity incentive plan		**111,067**	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share		**1,509,924,018**	**1,042,446,271**

A. Diluted earnings per share for June 2015 does not assume conversion of the CPS prior to 2 June 2015 or other adjustments as this would have an antidilutive effect on earnings per share. This is in line with requirements of *AASB 133: Earnings per Share*. If required to be calculated the following would have been included:

- The total number of shares converted to ordinary shares in relation to CPS prior to conversion was 262,751,395.
- Shares issued pursuant to the suspended executive and employee share plans treated as options was 936,838.
- Share rights issued pursuant to the equity incentive plan was 444,143.

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

SECTION 2

Working Capital

2.1. Cash and Cash Equivalents

Accounting policy

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

	2016 **$'000**	2015 $'000
Cash at bank, and on hand	**94,788**	141,845

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

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

Reconciliation of operating profit (loss) after tax to net cash provided by operating activities		
Profit (loss) for the year:	**184,289**	(1,887,377)
Non–cash items:		
Depreciation and amortisation of property, plant and equipment and intangible assets	**45,378**	50,672
Amortisation of television program rights	**131,811**	130,633
Impairment of intangible assets and equity accounted investees	**–**	2,065,223
Net gain on disposal of property, plant and equipment and computer software	**(116)**	(55)
Share based payment expense	**(299)**	952
Dividend received from equity accounted investees less share of loss of equity accounted investees	**25,186**	15,137
Movement in unamortised finance costs	**1,087**	2,304
Fair value adjustment	**(1,219)**	–
Other non–cash items	**(13,300)**	4,172
Changes in operating assets and liabilities, net of effect from acquisitions:		
(Increase) decrease in:		
Trade and other receivables	**(23,196)**	6,933
Inventories	**(435)**	1,973
Program rights	**(207,217)**	(177,990)
Other assets	**(402)**	(1,069)
Increase (decrease) in:		
Trade and other payables	**(413)**	(25,517)
Program liabilities	**39,696**	3,511
Provisions	**12,818**	32,330
Other liabilities	**(12,992)**	7,773
Tax balances	**20,912**	53,398
Net cash inflow from operating activities	**201,588**	283,003

2.2. Trade and Other Receivables

Accounting policy

Trade Receivables

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

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

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

Loans and other receivables

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

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

	2016 $'000	2015 $'000
Current		
Trade receivables	**282,669**	299,031
Provision for doubtful debts	**(4,569)**	(6,743)
Provision for sales credits and returns	**(31,092)**	(31,490)
	247,008	260,798
Loans and other receivables	**48,584**	11,120
Total trade and other receivables	**295,592**	271,918
Movements in the provision for doubtful debts are as follows:		
Balance at the beginning of the financial year	**6,743**	7,010
Net movement in provision recognised during the year	**328**	80
Amount utilised	**(2,502)**	(347)
Balance at the end of the financial year	**4,569**	6,743

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

Refer to note 6.4 regarding receivables from related parties.

Key judgements, estimates and assumptions

Impairment of receivables

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

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

2.2. Trade and Other Receivables (continued)

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

		Past due but not impaired			
$'000	Not past due	< 30 days	31 – 120 days	> 120 days	**Total**
Year ended 25 June 2016					
Net receivables	**234,853**	**11,181**	**3,293**	**2,250**	**251,577**
Provision for doubtful debts	**–**	**(3,867)**	**(463)**	**(239)**	**(4,569)**
	234,853	**7,314**	**2,830**	**2,011**	**247,008**
Year ended 27 June 2015					
Net receivables	246,647	14,865	4,758	1,271	267,541
Provision for doubtful debts	–	(4,408)	(2,009)	(326)	(6,743)
	246,647	10,457	2,749	945	260,798

2.3. Program Rights and Inventories

Accounting policy

Program Rights

Television program rights are recognised from the commencement of the rights period of the contract.

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

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

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

Inventories

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

	2016 **$'000**	2015 $'000
Current		
Television program rights – cost less accumulated amortisation	**212,262**	130,460
Newsprint and paper – at cost	**11,925**	12,817
Work in progress – at cost	**5,307**	3,636
Other raw materials – at net realisable value	**4,791**	5,136
	234,285	152,049
Non-Current		
Prepaid Television program rights	**29,205**	35,600
	29,205	35,600

Program rights and inventory expense

Program rights and inventories recognised as an expense during the year ended 25 June 2016 amounted to $131,811,000 (2015: $130,633,000) and $47,238,000 (2015: $55,034,000) respectively.

2.4. Trade and Other Payables

Accounting policy

Trade and other payables

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

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

Derivative financial liabilities

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

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

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

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

Television program liabilities

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

	2016 **$'000**	2015 $'000
Current		
Trade payables and accruals	**205,940**	211,343
Derivative financial liabilities	**2,942**	378
Television program liabilities	**113,673**	85,961
	322,555	297,682
Non-current		
Trade payables and accruals	**13,725**	9,176
Derivative financial liabilities	**6,978**	7,592
Television program liabilities	**18,621**	6,638
	39,324	23,406

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

2.5. Commitments

	<1 year $'000	1–5 years $'000	> 5 Years $'000	Total $'000
Year ended 25 June 2016				
Capital expenditure commitments	4,438	–	–	4,438
Operating lease commitments	21,492	71,942	111,646	205,080
Contracts for purchase of television programs and sporting broadcast rights	261,391	807,105	234,062	1,302,558
Contracts for employee services	53,593	28,522	–	82,115
Contracts for other services	37,483	59,390	23,247	120,120
	378,397	**966,959**	**368,955**	**1,714,311**
Year ended 27 June 2015				
Capital expenditure commitments	6,333	–	–	6,333
Operating lease commitments	22,016	77,308	115,144	214,468
Contracts for purchase of television programs and sporting broadcast rights	323,735	363,544	10,459	697,738
Contracts for employee services	53,439	27,649	–	81,088
Contracts for other services	38,416	66,362	24,353	129,131
	443,939	534,863	149,956	1,128,758

Types of Commitments

Capital expenditure commitments

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

Operating lease commitments

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

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

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

The Group leases various offices, equipment, sites and residential premises under non-cancellable operating leases expiring within one year to 14 years (2015: 15 years).

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

Contracts for purchase of television programs and sporting broadcast rights

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

Contracts for employee services

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

Contracts for other services

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

SECTION 3

Other Key Balance Sheet Items

3.1. Intangible Assets

Accounting policy

Goodwill

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

Refer to Note 3.1.1 for further details on impairment.

Intangible Assets

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

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

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

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

3.1. Intangible Assets (continued)

	REF	Licences $'000	Mastheads $'000	Program copyrights $'000	Computer software [A] $'000	Goodwill $'000	Total $'000
Year ended 27 June 2015							
Opening net book amount		2,324,765	128,838	8,000	26,215	1,057,403	3,545,221
Additions		–	–	–	17,296	–	17,296
Amortisation charge		(365)	–	(4,000)	(7,583)	–	(11,948)
Impairment loss (December 14)	[B]	(7,084)	(31,296)	–	–	(1,026,584)	(1,064,964)
Impairment loss (June 15)	[B]	(929,268)	–	–	–	–	(929,268)
Goodwill adjustment on acquisition of controlled entity		–	–	–	–	(1,139)	(1,139)
Closing net book amount		**1,388,048**	**97,542**	**4,000**	**35,928**	**29,680**	**1,555,198**
Comprised of:							
Cost		2,355,396	230,289	20,848	70,273	1,250,191	3,926,997
Accumulated amortisation and impairment		(967,348)	(132,747)	(16,848)	(34,345)	(1,220,511)	(2,371,799)

A. Software additions for the year include $5,788,000 (2015: $17,296,000) which were acquired separately and $nil (2015: $nil) which were internally generated.

B. In the year ended 27 June 2015, the impairments were recognised as a result of changes to key assumptions in the Group's cash flow forecasts; these include:

Television

- Lower revenue growth rates from free–to–air television advertising.
- Expected increases in key costs based on changes in current operating market conditions.

Newspapers and Magazines

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

The Company reviewed the carrying values of all intangible assets at June 2016 to ensure that no amounts were in excess of their recoverable amounts. No impairment losses for intangible assets have been incurred or reversed during the year.

3.1.1 Impairment of non–financial assets

Accounting policy

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

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

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

3.1.1 Impairment of non-financial assets (continued)

Key judgements, estimates and assumptions

Goodwill and intangibles with indefinite useful lives are tested annually to determine if they have suffered any impairment in accordance with the Group accounting policy.

The recoverable amounts of cash-generating units have been determined based on value-in-use and fair value less costs to sell approaches. These calculations require the use of estimates and assumptions.

3.1.1A Allocation of goodwill and indefinite life assets

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

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

Allocation of CGU Groups	**Goodwill** $'000	**Licences, mastheads** $'000	**Total** $'000
Year ended 25 June 2016			
Television	141	1,370,732	1,370,873
Newspapers (Metro and Regional)	266	68,629	68,895
Pacific	28,613	28,913	57,526
Radio	926	17,316	18,242
Total goodwill and indefinite life assets	**29,946**	**1,485,590**	**1,515,536**
Year ended 27 June 2015			
Television	141	1,370,732	1,370,873
Newspapers (Metro and Regional)	–	68,629	68,629
Pacific	28,613	28,913	57,526
Radio	926	17,316	18,242
Total goodwill and indefinite life assets	29,680	1,485,590	1,515,270

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

In accordance with the Group's accounting policies, the Group has evaluated whether the carrying amount of a CGU or group of CGUs exceeds its recoverable amount as at June 2016. The Group has determined the CGUs to be Television, Newspapers (Metro and Regional) and Pacific businesses. The recoverable amount is determined to be the higher of its fair value less cost to sell and value-in-use.

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

(i) Cash flows

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

Television

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

Newspapers (Metro and Regional) and Pacific

- Publishing revenue has been assumed to decline as management expect a cyclical downturn and structural changes to continue.
- Assumptions have been made in line with past performance and management's expectations of market development.
- Digital revenue has been assumed to grow based on market maturity and new initiatives. These assumptions are in line with industry trends and management's expectations of market development.
- Expenses are expected to decrease based on ongoing cost reduction initiatives and volume assumptions.

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

3.1. Intangible Assets (continued)

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

(ii) Terminal growth factor

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

(iii) Discount rate

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

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

	Terminal growth factor		Discount rate (pre-tax)		Discount rate (post-tax)	
	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15
Television	1.5%	1.5%	13.9%	14.2%	9.8%	9.8%
Newspapers - Metro	0.5%	0.5%	13.5%	13.0%	11.0%	11.0%
Newspapers - Regional	0.5%	0.5%	17.7%	17.7%	11.0%	11.0%
Pacific	0.0%	0.0%	16.7%	19.6%	12.0%	12.0%

3.1.1C Impairment review of Pacific masthead and licences

Pacific mastheads and licences are tested separately prior to the testing of the CGU. Key components of the calculation and the basis for each of Pacific mastheads and licences are detailed below.

Relief from Royalty Method over Pacific mastheads' useful lives was 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 10.0% and 10.5% (June 2015: 10.0% and 11.0%);
- Earnings multiples between 3x and 5x (June 2015: 3x and 5x).

In 2015, licences were fully written down to nil. Multi Period Excess Earnings Methodology was used to assess the licences' useful lives and was based on the following assumptions:

- Five year forecast based on financial budgets and forecasts approved by management;
- Discount rates between 13.25% and 14.25%;
- Terminal growth rate of 0%. This terminal rate does not exceed long term expected industry growth rates.

3.1.1D Impact of possible changes in key assumptions

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

Following an impairment analysis of Television, Newspapers (Regional) and Pacific CGUs, the recoverable amounts are equal to the carrying amounts.

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

The estimated recoverable amount for Newspapers (Metro) exceeds its carrying amount by approximately $18,700,000. A decrease of 0.4 per cent in the revenue growth rate used for the cash flows would result in there being no headroom as at 25 June 2016. We consider this to be a reasonably possible change to the assumptions used in our forecasts.

3.2. Property, Plant and Equipment

Accounting policy

Measurement of cost

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

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

Depreciation

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

Impairment of assets

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

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

3.2. Property, Plant and Equipment (continued)

	Freehold land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Year ended 25 June 2016				
Opening net book value	84,955	4,899	129,453	219,307
Additions	1,033	–	25,770	26,803
Disposals	–	–	(67)	(67)
Depreciation charge	(3,299)	(249)	(33,491)	(37,039)
Additions through acquisition of controlled entity	–	–	116	116
Change due to change in FX exchange rates	–	–	(23)	(23)
Closing net book amount	**82,689**	**4,650**	**121,758**	**209,097**
Comprised of:				
Cost	*121,032*	*19,780*	*323,240*	*464,052*
Accumulated depreciation	*(38,343)*	*(15,130)*	*(201,482)*	*(254,955)*
Year ended 27 June 2015				
Opening net book value	84,232	5,054	142,681	231,967
Additions	5,871	117	20,310	26,298
Disposals	–	–	(252)	(252)
Depreciation charge	(5,148)	(272)	(33,304)	(38,724)
Change due to change in FX exchange rates	–	–	18	18
Closing net book amount	84,955	4,899	129,453	219,307
Comprised of:				
Cost	*120,447*	*19,780*	*363,242*	*503,469*
Accumulated depreciation	*(35,492)*	*(14,881)*	*(233,789)*	*(284,162)*

Key judgements, estimates and assumptions

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

3.3. Provisions

Accounting policy

Provisions are:

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

3.3. Provisions (continued)

	REF	Employee Benefits [A] $'000	Redundancy & Restructuring [B] $'000	Onerous Contracts [C] $'000	Other [D] $'000	Total $'000
Carrying amount at 27 June 2015		68,748	4,463	34,921	10,072	118,204
Amounts provided		37,017	32,933	–	–	69,950
Amounts utilised		(38,376)	(7,575)	(13,305)	(460)	(59,716)
Unwind of discount		–	–	2,445	139	2,584
Balance as at 25 June 2016		**67,389**	**29,821**	**24,061**	**9,751**	**131,022**
Represented by:						
Current		60,320	29,821	6,775	1,379	98,295
Non–current		7,069	–	17,286	8,372	32,727
		67,389	29,821	24,061	9,751	131,022

Key judgements, estimates and assumptions

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

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

SECTION 4

Taxation

4.1. Taxes

Accounting policy

Current taxes

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

Deferred taxes

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

The carrying amount of deferred income tax assets is reviewed at balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise them. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

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

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

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

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

Offsetting deferred tax balances

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

Tax consolidation

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

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

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

Nature of tax funding arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to the head entity equal to the current tax liability assumed by the head entity resulting in a related party payable to the head entity equal in amount to the current tax liability assumed. This related party balance is at call.

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

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

Goods and Services Tax (GST)

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

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

4.1. Taxes (continued)

	2016 $'000	2015 $'000
Tax expense recognised in profit or loss		
Current year tax expense	**(50,723)**	(61,520)
Adjustments for current tax of prior periods	**1,386**	16,788
Current tax expense	**(49,337)**	(44,732)
Deferred tax (expense) benefit	**(13,769)**	3,577
Adjustment for deferred tax of prior periods	**(18)**	(19,055)
Total tax expense	**(63,124)**	(60,210)
Reconciliation of tax expense to prima facie tax payable		
Profit (loss) before tax	**247,413**	(1,827,167)
Tax at the Australian tax rate of 30% (2015: 30%)	**(74,224)**	548,150
Tax effect of amounts which are not (deductible)/taxable in calculating taxable income:		
Share of net (loss) profit of equity accounted investees	**(3,843)**	1,034
Deferred tax assets not recognised in relation to impairment of equity accounted investees	**–**	(21,297)
Deferred tax assets not recognised in relation to impairment of intangible assets	**–**	(588,943)
Other changes in recognition of deferred tax assets and liabilities	**–**	(109)
Other non–assessable items	**13,575**	3,222
Adjustments for tax of prior periods	**1,368**	(2,267)
Tax expense	**(63,124)**	(60,210)
Tax recognised in other comprehensive income		
Cash flow hedges	**792**	1,040
Deferred tax asset not recognised		
Deductible temporary differences	**846,263**	847,719

Key judgements, estimates and assumptions

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. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement 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.

4.2. Deferred Tax Assets and Liabilities

Deferred tax (liabilities) assets

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

Year ended 27 June 2015	Balance 28 June 2014 $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Balance 27 June 2015 $'000
The balance comprises temporary differences attributable to:				
Trade and other receivables	5,062	(1,092)	–	**3,970**
Program rights and inventories	(94,297)	(32,866)	–	**(127,163)**
Equity accounted investees	–	(595)	–	**(595)**
Intangible assets	(8,009)	7,604	–	**(405)**
Property, plant and equipment	(8,680)	12,252	–	**3,572**
Trade and other payables	30,868	(2,798)	–	**28,070**
Provisions	25,930	8,631	–	**34,561**
Deferred income	8,540	(2,055)	–	**6,485**
Borrowings	–	(1,601)	–	**(1,601)**
Cash flow hedges	1,181	–	1,040	**2,221**
Transaction costs	5,850	(3,454)	–	**2,396**
Other	(890)	496	–	**(394)**
Net deferred tax (liabilities) assets	**(34,445)**	**(15,478)**	**1,040**	**(48,883)**

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

SECTION 5

Capital Management

5.1. Borrowings

Accounting policy

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

	2016 **$'000**	2015 $'000
Non-current		
Bank loans – unsecured, net of unamortised refinancing costs	**810,752**	874,665

5.1A Financial arrangements

As at 25 June 2016, the Group had access to unsecured bilateral revolving credit facilities to a maximum of $1,100,000,000 (2015: $1,400,000,000). The amount of these facilities undrawn at reporting date was $285,000,000 (2015: $520,000,000).

At reporting date, all bilateral facilities have an expiry of October 2018.

In addition, the Group continues to have access to a $20,000,000 (2015: $20,000,000) multi-option facility with Australia and New Zealand Banking Group Limited. As at reporting date, $8,100,000 of this facility (2015: $8,100,000) was utilised for the provision of bank guarantees.

The unsecured bank loans are net of $4,248,000 refinancing costs (2015: $5,335,000).

The facilities are subject to a weighted average interest rate of 3.34% at 25 June 2016 (2015: 3.82%).

As part of the bilateral facilities, the Group is subject to certain financial covenants measured on a six monthly basis. The Group has been in compliance with its financial covenant requirements to date including the period ending 25 June 2016.

Fair value

The carrying amount and fair value of Group borrowings at the end of the financial year was $810,752,000 (2015: $874,665,000).

Risk exposures

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

5.2. Share Capital

Accounting policy

Ordinary shares and convertible preference shares are classified as equity.

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

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

	2016 **$'000**	2015 $'000
1,507,137,418 (2015: 1,512,536,488) Ordinary shares fully paid (refer note 5.2A)	**3,393,145**	3,396,847

5.2A Movements in ordinary share capital

	REF	**2016** **Shares**	2015 Shares	**2016** **$'000**	2015 $'000
Ordinary shares					
Balance at the beginning of the year		**1,512,536,488**	998,004,222	**3,396,847**	2,840,474
Movements during the year:					
Conversion of CPS		**–**	265,749,570	**–**	250,000
Shares issued pursuant to 2.27–for–3 entitlement offer		**–**	248,553,896	**–**	310,678
Transaction costs arising on share issues		**–**	–	**–**	(4,367)
Shares issued pursuant to the executive and employee share plans		**30,900**	228,800	**103**	62
Shares bought back on market		**(5,429,970)**	–	**(3,805)**	–
Movement in ordinary shares		**(5,399,070)**	514,532,266	**(3,702)**	556,373
Balance at the end of the year		**1,507,137,418**	1,512,536,488	**3,393,145**	3,396,847

The total number of shares issued by the Company is 1,508,034,368 and differs from the amount included in share capital as follows:

Total shares issued by the Company		**1,508,034,368**	1,513,464,338
Executive and employee share plans treated as options	[A]	**(896,950)**	(927,850)
Balance included in share capital		**1,507,137,418**	1,512,536,488

A. Outstanding loans pursuant to the executive and employee share plans are treated as options.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

5.3. Dividends

Accounting policy

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

5.3A Dividends paid during the financial year

	2016 $'000	2015 $'000
Final ordinary dividend for the year ended 27 June 2015 of 4 cents per share (28 June 2014: 6 cents), fully franked based on tax paid at 30%, paid on 9 October 2015 (28 June 2014: 10 October 2014)	**60,529**	59,894
Interim ordinary dividend for the year ended 25 June 2016 of 4 cents per share (2015 interim: 6 cents), fully franked based on tax paid at 30%, paid on 11 April 2016 (2015 interim: 1 April 2015)	**60,321**	59,890
	120,850	119,784

5.3B Dividends not recognised at year end

In addition to the above dividends, since year end the directors have declared a 2016 final dividend of 4 cents per ordinary share (2015: 4 cents), fully franked based on tax paid at the rate of 30%. The aggregate amount of the dividend payable on 7 October 2016, but not recognised as a liability at year end, is estimated at:	**60,285**	60,492

5.3C Franked dividends

The franked dividend declared after 25 June 2016 will be franked out of existing franking credits or out of franking credits arising from the receipt of franked dividends and the payment of tax after the year ending 25 June 2016.

Franking credits available for subsequent financial years based on a tax rate of 30% (2015: 30%)	**12,444**	19,123

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

a. franking credits that will arise from the payment of the current tax liability or receivable;

b. franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

c. franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

5.4. Share–Based Payments

Accounting policy

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

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

Equity-settled transactions

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

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

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

5.4A Performance and share rights granted as compensation

The total expense recognised for share–based payments for all plans during the financial year for the Group was -$681,988 (2015: $951,836). The accounting value of share-based payments may be negative where an executive's share-based expense includes cumulative adjustments for changes in non-market vesting conditions.

At 25 June 2016 the Group had the following share–based payment arrangements:

Seven West Media Equity Incentive Plan – 2016, 2015, 2014 and 2013 Long Term Incentive

The Group established an additional 2016 long term incentive plan that entitles key management personnel to performance rights. Holders of vested rights are entitled to fully paid ordinary shares in the Company.

A total of 4,303,383 (2015:1,629,004) performance rights were granted on 4 April 2016 (2015: 15 June 2015) and will be awarded when the performance conditions are met. The performance period commenced on 1 July 2015 and ends on 30 June 2018 (2015: 1 July 2014 to 30 June 2017). 50% of the performance rights are subject to a total shareholder return (TSR) hurdle which compares the TSR performance of the Company with the TSR performance of each of the entities in a comparator group of peer companies. The remaining 50% is subject to a diluted earnings per share (DEPS excluding significant items) hurdle.

Performance rights do not carry any dividend or voting rights prior to vesting and are all equity settled. Vesting of the rights are subject to the condition that the executive remains employed by the Company at the vesting date. None of the performance rights have vested however 1,173,723 (2015: 351,387) were forfeited during the year.

Seven West Media Group Performance Transitional Equity Grant and Long Term Incentive (LTI) – Chief Executive Officer WA

Prior to the introduction of the 2013 Long Term Incentive Plan in March 2013, the former LTI Plan for CEO of WA continues to have unvested awards on 25 June 2016. The rights will expire on 12 August 2016, however under the Seven Media Group Performance Transitional Equity Grant, they have been vested in June 2015. These are detailed in the Remuneration Report.

5.4B Valuation models and key assumptions used

	2016 Long Term Incentive Plan
Grant date	4 April 2016
Expiry date	1 September 2018
Award type	Performance Rights
Vesting Conditions	Service condition and TSR hurdle (50%) Service condition and DEPS hurdle (50%)
End of performance period	30 June 2018
First Vesting Date	1 September 2018
Share price at grant date	$1.00
Number of rights granted	4,303,383
Fair value at grant date	TSR $0.47 DEPS $0.86
Exercise price	$0.00
Volatility	40%
Risk free interest rate	1.87%
Dividend yield	6.3%
Valuation methodology	TSR Monte–Carlo simulation DEPS Binomial Tree

Key judgements, estimates and assumptions

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

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

5.5. Capital and Financial Risk Management

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

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

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

5.5A Market risk

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

(i) Price risk

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

(ii) Interest rate risk

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

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

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

Variable rate instruments	**2016 $'000**	2015 $'000
[A] Cash at bank, on hand and at call	**94,788**	141,845
Weighted average interest rate	**2.49%**	2.70%
[B] External borrowing facilities	**815,000**	880,000
Weighted average interest rate	**3.34%**	3.82%
[C] Interest Rate Swaps		
Total Hedged	**500,000**	500,000
% of debt hedged	**61%**	57%
Weighted average interest rate	**2.98%**	2.98%
Expiry date	**Various to June 2019**	Various to June 2019
[D] Interest Rate Collars		
Total Hedged	**–**	100,000
% of debt hedged	**–**	11%
Interest rate cap	**–**	3.20%
Interest rate floor	**–**	2.37%
Expiry date	**–**	June 2016
Total amount of debt hedged	**61%**	68%
Net exposure to cash flow interest rate risk	**220,212**	138,155

The changes in fair value of cash flow hedges during the year amounts to a pre–tax reduction in equity of $2,640,000 (2015: pre–tax reduction in equity of $3,467,000).

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

There are no fixed rate instruments in place at 25 June 2016.

5.5. Capital and Financial Risk Management (continued)

Group sensitivity

Based on the Group's outstanding floating rate borrowings and interest rate swaps at 25 June 2016, a change in interest rates of +/–1% per annum with all other variables remaining constant would impact equity and after tax profit by the amounts shown below.

This analysis assumes that all other variables remain constant.

	Net Profit/(Loss)		Reserves		Net Equity	
	2016 **$'000**	2015 $'000	**2016** **$'000**	2015 $'000	**2016** **$'000**	2015 $'000
If interest rates were 1% higher with all other variables held constant:						
(Decrease)/increase	**(2,205)**	(2,510)	**4,960**	7,993	**2,755**	5,483
If interest rates were 1% lower with all other variables held constant:						
Increase/(decrease)	**2,205**	1,960	**(5,090)**	(9,168)	**(2,885)**	(7,208)

(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:

	2016 **$'000**	2015 $'000
Receivables:		
Foreign exchange receivables and forward contracts	**24,032**	17,168
Payables:		
Foreign exchange payables and forward contracts	**(24,554)**	(16,831)
Net exposure	**(522)**	337

Group sensitivity

Based on the Group's financial instruments held at 25 June 2016, 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 (2015: no significant impact). The analysis was performed on the same basis as 2015 and ignores any impact of forecasted sales and purchases.

5.5B Credit risk

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

5.5. Capital and Financial Risk Management (continued)

5.5C Liquidity risk

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

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

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flow and monitoring the Group's liquidity reserve on the basis of these cash flow forecasts. In addition, the Group had access to total debt funding under its bilateral facilities equal to $1,100,000,000 of which only $815,000,000 is drawn at reporting date.

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.

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

At 27 June 2015				
Non–derivative financial liabilities				
Trade and other payables	290,068	15,813	305,881	313,118
Unsecured loans	33,524	924,023	957,547	874,665
Total non–derivatives	323,592	939,836	1,263,428	1,187,783
Derivative financial liabilities				
Net settled interest rate swaps and collars	4,348	8,248	12,596	8,308
Gross settled forward foreign exchange contracts – cash flow hedges:				
• (inflow)	(17,168)	–	(17,168)	(338)
• outflow	16,831	–	16,831	–
Total derivatives	4,011	8,248	12,259	7,970
Total financial liabilities	**327,603**	**948,084**	**1,275,687**	**1,195,753**

5.5. Capital and Financial Risk Management (continued)

5.5D Fair value measurement

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

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

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

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

Assets or liabilities measured and recognised at fair value through profit and loss are the assets/liabilities recognised in relation to interest rate cash flow hedges and foreign exchange cash flow hedges amounting to $9,920,000 (2015: $7,970,000). The fair values of these derivatives (classified as level 2 in the fair value measurement hierarchy) are measured with reference to forward interest rates and exchange rates and the present value of the estimated future cash flows.

Investments of some equity accounted investees are measured at fair value (level 3) refer note 6.1.

5.5E Capital Management

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

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

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

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

	2016 **$'000**	2015 $'000
Total unsecured bank facility	**815,000**	880,000
Less: unamortised refinancing costs	**(4,248)**	(5,335)
Less: cash and cash equivalents	**(94,788)**	(141,845)
Net Debt	**715,964**	732,820
Total Equity	**1,252,541**	2,168,746
Add back: Amounts accumulated in equity relating to cash flow hedges	**7,030**	5,182
Adjusted equity	**1,259,571**	2,173,928
Net debt to adjusted equity ratio	**57%**	34%

During the year, the Group announced an on–market buyback of shares up to $75,000,000. To date the Group has bought back 5,429,970 shares for a total consideration of $3,805,000.

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

SECTION 6

Group Structure

6.1. Equity Accounted Investees

	2016 **$'000**	2015 $'000
Non–current		
Investments in associates and jointly controlled entities	**216,010**	214,321

Accounting policy

An associate is an entity, other than a subsidiary, over which the Group has significant influence but not control. Significant influence is the power to participate in the financial and operating decisions of the entity with shareholding generally being between 20 per cent and 50 per cent of the voting rights.

A jointly controlled entity is an entity in which the Group holds an interest under a contractual arrangement where the Group and one or more other parties undertake an economic activity that is subject to joint control.

Measurement

Interests in associates and jointly controlled entities are accounted for using the equity method. They are initially recognised at cost plus the investor's share of retained post-acquisition profits, impairment and other changes in net assets, until significant influence or joint control ceases.

Dividends received or receivable from equity accounted investees are recognised in the consolidated financial statements as a reduction in the carrying amount of the investment.

When the Group's share of losses equals or exceeds its interest in an equity accounted investee, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

				Ownership interest	
Name of entity	REF	Principal activities	Reporting date	**2016** **%**	2015 %
Airline Ratings Pty Limited		Ratings service provider	30 June	**50.0**	50.0
Australian News Channel Pty Limited		Pay TV channel operator	30 June	**33.3**	33.3
7Beyond Media Rights Limited		Television production	30 June	**50.0**	50.0
Community Newspaper Group Limited		Newspaper publishing	30 June	**49.9**	49.9
Epicfrog Pty Limited (trading as Nabo)	[A]	Online social network	30 June	**25.2**	36.4
Health Engine Pty Limited	[B]	Online health directory	30 June	**24.0**	27.0
New You Group Pty Limited	[C]	Provider of general financial advice	30 June	**50.0**	–
Oztam Pty Limited		Ratings service provider	31 December	**33.3**	33.3
Presto TV Pty Limited		SVOD service provider	30 June	**50.0**	50.0
Starts at 60 Pty Limited	[D]	Online social network for seniors	30 June	**35.3**	–
TX Australia Pty Limited		Transmitter facilities provider	30 June	**33.3**	33.3
Yahoo Australia & New Zealand (Holdings) Pty Limited		Internet content provider	31 December	**50.0**	50.0

All of above entities are incorporated in Australia apart from 7Beyond Media Rights Limited which is incorporated in Ireland.

6.1. Equity Accounted Investees (continued)

A. The Company acquired 40% shareholding in Epicfrog Pty Limited (trading as Nabo) on 30 October 2014.
Further capital raising by Epicfrog during 2015 and 2016 diluted the Company's shareholding to 36.4% and 25.2% respectively.

B. Following a capital raising by Health Engine Pty Limited, the shareholding in this investment was diluted from 27% to 24.0%.

C. Seven West Media acquired 50% shareholding in New You Group Pty Limited on 11 April 2016.

D. Seven West Media acquired 35.3% shareholding in Starts at 60 Pty Limited on 8 February 2016.

6.1A Significant Equity Accounted Investees

Yahoo Australia and New Zealand (Holdings) Pty Limited

Investment	A jointly controlled entity with Yahoo Inc of which the Group has a 50% interest shareholding. Yahoo7 is a web portal providing e–mail, online news, lifestyle content, catch up TV services as well as weather, travel and retail comparison services.
Principal place of business/ Country of incorporation	Australia
Accounting treatment	Equity method

The following is summarised financial information of the investment, and reconciliation with the carrying amount of the investment in the consolidated financial statements. All amounts shown are 100% unless otherwise stated. There is no other comprehensive income recognised in the below numbers.

	REF	**2016 $'000**	2015 $'000
Revenue		**91,627**	99,572
Net profit for the year (continuing operations)	[A]	**17,553**	22,146
Group's 50% share of profit for the year		**8,777**	11,073

	REF	**2016 $'000**	2015 $'000
Current assets	[B]	**34,566**	33,767
Non–current assets		**75,386**	76,128
Current liabilities		**(15,383)**	(18,713)
Non–current liabilities		**(2,570)**	(2,492)
Net assets		**91,999**	88,690

A. Includes depreciation and amortisation of $4,515,000 (2015: $6,266,000) and income tax expense of $8,585,000 (2015: $7,902,000). Interest expense and income for both reporting periods is not significant.

B. Includes cash and cash equivalents of $12,488,000 (FY15: $9,251,000).

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FOR THE YEAR ENDED 25 JUNE 2016

6.1. Equity Accounted Investees (continued)

There are no current or non–current financial liabilities (excluding trade and other payables and provisions).

	2016 **$'000**	2015 $'000
Movements in carrying amount of the investment in Yahoo7		
Carrying amount at the beginning of the financial year	**200,002**	275,238
Impairment of equity accounted investees December 2014 (refer note 1.4)	**–**	(25,876)
Impairment of equity accounted investees June 2015 (refer note 1.4)	**–**	(40,433)
Share of profit of investees after tax	**8,777**	11,073
Dividends received	**(8,000)**	(13,500)
Return of capital received	**–**	(6,500)
Carrying amount of the investment at the end of the financial year	**200,779**	200,002

The carrying amount of the investment is based on the fair value of investees at acquisition date adjusted for equity accounted profits, dividends, impairments and any other movement since acquisition.

Valuation of this investment is performed using an EBITDA multiple approach, based on approved budgets and a multiple which is assessed against a range of comparable companies. This is categorised as level 3 under the accounting standard AASB 13 Fair Value Measurement.

	2016 **$'000**	2015 $'000
Group's share of net assets (50%)	**46,000**	44,345
Fair value adjustment of acquisition and subsequent impairment	**154,779**	155,657
Carrying amount of the investment at end of the financial year	**200,779**	200,002

There are no significant capital commitments or contingent liabilities held by or owed by this equity accounted investee as at reporting date.

6.1B Other Equity Accounted Investees

Below is the summarised financial information for the Group's remaining associates and jointly controlled investments.
All amounts shown are 100% unless otherwise stated.

	REF	**2016** **$'000**	2015 $'000
Net loss for the year (continuing operations)		**(29,185)**	(2,510)
Group's share of loss for the year	[A]	**(21,588)**	(7,627)

A. Share of profit is based on ownership percentage ranging from 24% to 50% for each equity accounted investee.

Movements in carrying amount of other investments		
Carrying amount at the beginning of the financial year	**14,319**	19,467
Impairment of equity accounted investees (refer note 1.4)	**–**	(4,682)
Share of loss of investees after tax	**(21,588)**	(7,627)
Dividends received	**(4,375)**	(5,083)
Acquisitions and other movements	**26,875**	12,244
Carrying amount of the investments at the end of the financial year	**15,231**	14,319

The carrying amount of each investment is based on the fair value of investments at acquisition date adjusted for equity accounted profits, dividends, impairments and any other movement since acquisition.

The Group has not recognised losses in relation to its interests in equity accounted investees as the Group has no obligation in respect of these losses.

6.2. Investments in Controlled Entities

Accounting policy

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Seven West Media Limited as at 25 June 2016 and the results of all subsidiaries for the year then ended. Seven West Media Limited and its subsidiaries together are referred to in this financial report as the "Group."

The consolidated entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described above.

	Notes	Country of incorporation	Ownership interest 2016 %	2015 %
7Wonder Productions Limited		United Kingdom	**50**	50
Albany Advertiser Pty Ltd	[A]	Australia	**100**	100
Australian National Television Pty Limited	[C]	Australia	**100**	100
Australian Regional Broadcasters Pty Ltd	[A]	Australia	**100**	100
Australian Television International Pty Limited	[C]	Australia	**100**	100
Australian Television Network Limited	[C]	Australia	**100**	100
Bluegem Holdings Pty Ltd (Trading as TriEvents)		Australia	**80**	-
Channel Seven Adelaide Pty Limited	[C]	Australia	**100**	100
Channel Seven Brisbane Pty Limited	[C]	Australia	**100**	100
Channel Seven Melbourne Pty Limited	[C]	Australia	**100**	100
Channel Seven Perth Pty Limited	[C]	Australia	**100**	100
Channel Seven Queensland Pty Limited	[C]	Australia	**100**	100
Channel Seven Sydney Pty Limited	[C]	Australia	**100**	100
Cobbittee Publications Pty Limited	[C]	Australia	**100**	100
Colorpress Australia Pty Ltd	[A]	Australia	**100**	100
ColourPress Pty Ltd	[A]	Australia	**100**	100
ComsNet Pty Ltd	[A]	Australia	**100**	100
Dansted and McCabe Holdings Pty Ltd	[A]	Australia	**100**	100
Dodds Street Properties Pty Limited	[C]	Australia	**100**	100
Faxcast Australia Pty Limited	[C]	Australia	**100**	100
Geraldton FM Pty Ltd	[A]	Australia	**100**	100
Geraldton Newspapers Pty Ltd	[A]	Australia	**100**	100
Great Northern Broadcasters Pty Ltd	[A]	Australia	**100**	100
Harlesden Investments Pty Ltd	[A]	Australia	**100**	100

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

6.2. Investments in Controlled Entities (continued)

	Notes	Country of incorporation	Ownership interest **2016** **%**	Ownership interest 2015 %
Herdsman Print Centre Pty Ltd	[A]	Australia	**100**	100
Herdspress Leasing Pty Ltd	[A]	Australia	**100**	100
Hocking & Co. Pty Ltd	[A]	Australia	**100**	100
Hybrid Television Services (ANZ) Pty Limited	[H]	Australia	**100**	100
Impact Merchandising Pty Limited	[E]	Australia	**100**	100
Jupelly Pty Limited	[C]	Australia	**100**	100
Kenjins Pty Limited	[C]	Australia	**100**	100
Media Beach Pte. Limited		Singapore	**50**	50
North West Radio Pty Ltd	[A]	Australia	**100**	100
Oscar Winter Pty Limited		Australia	**100**	-
Pacific MM Pty Limited	[C]	Australia	**100**	100
Pacific Magazines Pty Limited	[C]	Australia	**100**	100
Pacific Magazines Trust		Australia	**100**	100
Pacific Magazines (No. 2) Pty Limited	[C]	Australia	**100**	100
Pacific Magazines NZ Limited		New Zealand	**100**	100
Pacific Magazines NZ Merchant Company Limited		New Zealand	**100**	–
Pacific Magazines (PP) Pty Ltd	[C]	Australia	**100**	100
Pacific Magazines (PP) Holdings Pty Ltd	[C]	Australia	**100**	100
Pacific Magazines (WHO) Pty Ltd	[C]	Australia	**100**	100
Quokka Press Pty Ltd	[A]	Australia	**100**	100
Quokka West Pty Ltd	[A]	Australia	**100**	100
Red Music Publishing Pty Limited	[D]	Australia	**100**	100
Red Publishing Pty Limited	[C]	Australia	**100**	100
Redwave Media Pty Ltd	[A]	Australia	**100**	100
Riverlaw Holdings Pty Limited	[A]	Australia	**100**	100
Seven Facilities Pty Ltd		Australia	**100**	100
Seven Magazines Pty Limited	[C]	Australia	**100**	100
Seven Network (Operations) Limited	[C]	Australia	**100**	100
Seven Network Programming Pty Limited	[C]	Australia	**100**	100
Seven Productions Pty Limited	[F]	Australia	**100**	100
Seven Regional Operations Pty Limited	[C]	Australia	**100**	100
Seven Satellite Operations Pty Limited	[G]	Australia	**100**	100
Seven Satellite Pty Limited	[C]	Australia	**100**	100
Seven Television Australia Limited	[C]	Australia	**100**	100
Seven West Media Investments Pty Limited	[C]	Australia	**100**	100
SMG H1 Pty Limited	[B]	Australia	**100**	100

6.2. Investments in Controlled Entities (continued)

	Notes	Country of incorporation	Ownership interest **2016** **%**	 2015 %
SMG H2 Pty Limited	[B]	Australia	**100**	100
SWM Finance Pty Limited	[B]	Australia	**100**	100
SMG H4 Pty Limited	[C]	Australia	**100**	100
SMG H5 Pty Limited	[C]	Australia	**100**	100
South West Printing and Publishing Company Limited	[A]	Australia	**100**	100
Southdown Publications Pty Limited	[C]	Australia	**100**	100
Spirit Radio Network Pty Ltd	[A]	Australia	**100**	100
Sunshine Broadcasting Network Limited	[C]	Australia	**100**	100
The Pacific Plus Company Pty Limited	[C]	Australia	**100**	100
W.A. Broadcasters Pty Ltd	[A]	Australia	**100**	100
WAN Cinemas Pty Limited	[A]	Australia	**100**	100
West Australian Entertainment Pty Ltd	[A]	Australia	**100**	100
West Australian Newspapers Limited	[A]	Australia	**100**	100
West Central Seven Limited	[C]	Australia	**100**	100
Western Mail Pty Ltd	[A]	Australia	**100**	100
Western Mail Operations Pty Ltd	[A]	Australia	**100**	100
Westroyal Pty Ltd	[A]	Australia	**100**	100
Wide Bay – Burnett Television Limited	[C]	Australia	**100**	100
Zangerside Pty Limited	[C]	Australia	**100**	100
Zed Holdings Pty Limited	[C]	Australia	**100**	100

The class of all shares is ordinary and the entities entered into the Deed of Cross Guarantee with Seven West Media Limited under ASIC Class Order 98/1418 by Assumption Deed on 8 April 2004. The dates below show when the deed was amended:

A. Prior to 30 June 2009.
B. 20 June 2011.
C. 26 June 2012.
D. 18 April 2013.
E. 30 September 2013.
F. 1 May 2015.
G. 16 June 2015.
H. 16 June 2015.

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

6.2. Investments in Controlled Entities (continued)

Pursuant to ASIC Class Order 98/1418 (as amended) certain wholly-owned subsidiaries, as noted above, are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports and directors' reports.

It is a condition of the Class Order that the 'Holding Entity' and each of the wholly-owned subsidiaries enter into a Deed of Cross Guarantee under which each company guarantees the debts of the others.

Seven West Media Limited and its subsidiaries represent a 'Closed Group' for the purposes of the Seven West Media Limited Class Order, and as there are no other parties to its Deed of Cross Guarantee that are controlled by Seven West Media Limited, they also represent the 'Extended Closed Group.'

The consolidated statement of profit or loss and other comprehensive income for the year ended 25 June 2016 of the Seven West Media Limited Closed Group is presented below according to the Class Order:

	2016 **$'000**	2015 $'000
Statement of profit or loss and other comprehensive income		
Revenue	**1,703,163**	1,767,561
Other income	**6,142**	941
Revenue and other income	**1,709,305**	1,768,502
Expenses (excluding impairment)	**(1,410,820)**	(1,471,391)
Share of net (loss) profit of equity accounted investees	**(12,811)**	3,446
Impairment of intangible assets	**–**	(1,994,232)
Impairment of equity accounted investees	**–**	(70,991)
Profit (loss) before net finance costs and tax	**285,674**	(1,764,666)
Finance costs	**(41,707)**	(64,216)
Finance income	**3,927**	3,507
Profit (loss) before tax	**247,894**	(1,825,375)
Tax expense	**(62,773)**	(60,327)
Profit (loss) for the year	**185,121**	(1,885,702)
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	**(2,640)**	(3,467)
Exchange differences on translation of foreign operations	**(41)**	17
Tax relating to items that may be reclassified subsequently to profit or loss	**792**	1,040
Other comprehensive expense for the year, net of tax	**(1,889)**	(2,410)
Total comprehensive income (expense) for the year attributable to owners of the Company	**183,232**	(1,888,112)

6.2. Investments in Controlled Entities (continued)

The consolidated statement of financial position for the year ended 25 June 2016 of the Seven West Media Limited Closed Group is presented below according to the Seven West Media Limited Class Order:

	2016 **$'000**	2015 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**94,775**	141,665
Trade and other receivables	**289,677**	267,806
Current tax receivable	**–**	2,112
Program rights and inventories	**234,254**	151,508
Other assets	**6,447**	5,981
Total current assets	**625,153**	569,072
Non-current assets		
Program rights	**29,205**	35,600
Equity accounted investees	**214,429**	212,740
Other investments	**23,147**	3,777
Property, plant and equipment	**208,691**	219,190
Intangible assets	**1,552,902**	1,555,198
Other assets	**3,873**	3,656
Total non-current assets	**2,032,247**	2,030,161
Total assets	**2,657,400**	2,599,233
LIABILITIES		
Current liabilities		
Trade and other payables	**318,147**	295,447
Provisions	**98,295**	80,433
Deferred Income	**34,224**	33,471
Current tax liabilities	**4,886**	–
Total current liabilities	**455,552**	409,351
Non-current liabilities		
Trade and other payables	**39,324**	23,406
Provisions	**32,727**	37,771
Deferred income	**8,474**	14,689
Deferred tax liability	**61,866**	48,679
Borrowings	**810,752**	874,665
Total non-current liabilities	**953,143**	999,210
Total liabilities	**1,408,695**	1,408,561
Net assets	**1,248,705**	1,190,672
EQUITY		
Share capital	**3,387,900**	3,391,602
Reserves	**(3,502)**	(1,356)
Accumulated deficit	**(2,135,693)**	(2,199,574)
Total equity	**1,248,705**	1,190,672

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

6.3. Parent Entity Financial Information

Accounting policy

The financial information for the Parent Entity, Seven West Media Limited, has been prepared on the same basis as the consolidated financial statements, except for:

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment losses in the financial statements.

(ii) Dividends received

Dividends received from subsidiaries are recognised in profit and loss.

(iii) Financial guarantees

Where the Parent Entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

6.3A. Summary of financial information

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

	Parent entity	
	2016	2015
	$'000	$'000
Financial position of parent entity at year end		
Current assets	**–**	2,225
Total assets	**1,318,352**	1,231,121
Current liabilities	**6,105**	(4,029)
Total liabilities	**6,105**	(4,029)
Total equity of the parent entity comprising of:		
Share capital	**3,393,145**	3,396,847
Reserves		
Asset revaluation reserve	**8,352**	8,352
Equity compensation reserve	**3,472**	3,771
Accumulated deficit	**(2,593,355)**	(2,654,971)
Profits reserve	**500,633**	473,093
	1,312,247	1,227,092
Result of parent entity		
Profit (loss) for the year	**210,006**	(1,937,710)
Total comprehensive income (expense) for the year	**210,006**	(1,937,710)

6.3B. Guarantees entered into by the parent entity

The Parent Entity has provided financial guarantees in respect of borrowings of a subsidiary amounting to $nil (2015: $nil).

There are cross guarantees given by Seven West Media Limited and its subsidiaries described in note 6.2.

6.3C. Contingent liabilities of the parent entity

The Parent Entity did not have any contingent liabilities as at 25 June 2016 or 27 June 2015.

6.3D. Contractual commitments for the acquisition of property, plant or equipment

The Parent Entity had no contractual commitments for the acquisition of property, plant or equipment as at 25 June 2016 or 27 June 2015.

6.4. Related Party Transactions

6.4A Transactions with related parties

The following transactions occurred with related parties during the financial year:

	2016 **$'000**	2015 $'000
Sale of goods, advertising and other services		
Equity accounted investees	**13,039**	11,638
Director related entities	**866**	648
Other related entities	**769**	894
Purchase of goods, advertising and other services		
Equity accounted investees	**11,468**	10,591
Director related entities	**1,130**	1,010
Other related entities	**1,606**	2,270
Shareholder contribution		
Equity accounted investees	**8,915**	4,588
Other related entities	**199**	–

6.4B 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:

	2016 **$'000**	2015 $'000
Current receivables (sale of goods, advertising and other services)		
Equity accounted investees	**1,625**	1,361
Director related entities	**222**	89
Other related entities	**2,239**	2,703
Current payables (purchase of goods, advertising and other services)		
Equity accounted investees	**1,808**	2,774
Director related entities	**85**	–
Other related entities	**119**	–

(i) There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

6.4C Parent entity

Seven West Media Limited is the ultimate Australian parent entity within the Group. There are no financial guarantees in respect of borrowings of a subsidiary, no contingent liabilities and no contractual commitments.

6.4D Subsidiaries

Interests in subsidiaries are set out in note 6.2.

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

6.4. Related Party Transactions (continued)

6.4E Key management personnel

The following transactions occurred with Key Management Personnel (KMP) related parties:

	2016 **$'000**	2015 $'000
Revenues	**30**	–
Expenses	**3,543**	2,006

There were no receivable or payable balances at 25 June 2016 relating to transactions with KMP related parties that have not already been disclosed in the prior tables.

Terms and conditions

Transactions were made on normal commercial terms and conditions.

Key management personnel compensation

In addition to their salaries, the Group also provides non–cash benefits to Directors and executive officers, and contributes to a post–employment superannuation fund on their behalf (refer to the remuneration report on pages 68 to 82.

Executive officers also participate in the Group's Equity Incentive Plan for 2013, 2014, 2015 and 2016 (refer note 5.4).

	2016 **$'000**	2015 $'000
Key management personnel compensation		
Short–term employee benefits	**10,822**	10,433
Post–employment benefits		
Superannuation	**283**	275
Termination benefits	**–**	1,542
Share–based payments	**(682)**	621
Other long term benefits	**175**	150
	10,598	13,021

Detailed remuneration disclosures in respect of Directors and each member of key management personnel are provided in the remuneration report on pages 68 to 82.

Other transactions with key management personnel

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

SECTION 7

Other

7.1. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices.

	2016 **$**	2015 $
Auditors of the Company – KPMG		
(i) Audit and other assurance services		
Audit or review of the financial statements	**429,000**	456,931
Other audit and assurance services	**165,177**	127,969
Total remuneration for audit and other assurance services	**594,177**	584,900
(ii) Other services		
Transaction related services	**–**	551,374
Other advisory services	**12,755**	229,287
Total other services	**12,755**	780,661
Total remuneration of KPMG Australia	**606,932**	1,365,561

7.2. Contingent Liabilities

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

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

7.3. Events Occurring After The Reporting Date

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

Notes to the Financial Statements

FOR THE YEAR ENDED 25 JUNE 2016

7.4. Summary of Other Significant Accounting Policies

Other significant accounting policies

Accounting for acquisitions and business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Foreign currency translation

i. *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars (AUD), which is the Group's functional and presentation currency.

ii. *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges.

Finance income and costs

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. It comprises income on funds invested and fair value gains on financial assets at fair value through profit or loss.

Finance costs comprise interest expense on borrowings, the ineffective portion of cash flow hedges and fair value losses on financial assets at fair value through profit or loss.

Other investments and other financial assets

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

Financial assets are subsequently carried at fair value or cost if fair value cannot be reliably measured. Unrealised gains and losses arising from changes in their fair value are recognised in other comprehensive income or profit and loss.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses from investment securities.

The fair value of quoted investments are based on current bid prices. For financial assets in a market that is not active and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

7.4. Summary of Other Significant Accounting Policies (continued)

Other 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.

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.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

New accounting standards and interpretations

A number of new accounting standards have been issued or amended but were not effective during the year ended 25 June 2016. The Group has elected not to early adopt any of these new standards or amendments in these financial statements.

The Group has yet to fully assess the impact of the following accounting standards and amendments to accounting standard will have on the financial statements, when applied in future periods:

- IFRS 9 Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2018).
- IFRS 15 Revenue from Contracts with Customers (effective for annual reporting periods beginning on or after 1 January 2018).
- IFRS 16 Leases (effective for annual reporting periods beginning on or after 1 January 2019).
- IAS 12 Income Taxes (effective for annual reporting periods beginning on or after 1 January 2017).
- IAS 7 Cash Flows (effective for annual reporting periods beginning on or after 1 January 2017).

Other standards and interpretations that have been issued but are not yet effective are not expected to have any significant impact on the Group's financial statements in the year of their initial application.

Directors’ Declaration

TO THE MEMBERS OF SEVEN WEST MEDIA LIMITED

For the Year Ended 25 June 2016

1. In the opinion of the Directors of Seven West Media Limited (the Company):
   a. the consolidated financial statements and notes that are set out on pages 84 to 133 and the Remuneration Report, set out on pages 68 to 82 in the Directors’ Report, are in accordance with the *Corporations Act 2001*, including:
      i. giving a true and fair view of the Group’s financial position as at 25 June 2016 and of its performance for the financial year ended on that date; and
      ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 6.2 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee, described in Note 6.2, between the Company and those group entities pursuant to ASIC Class Order 98/1418.

3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 25 June 2016.

4. The Directors draw attention to page 84 of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

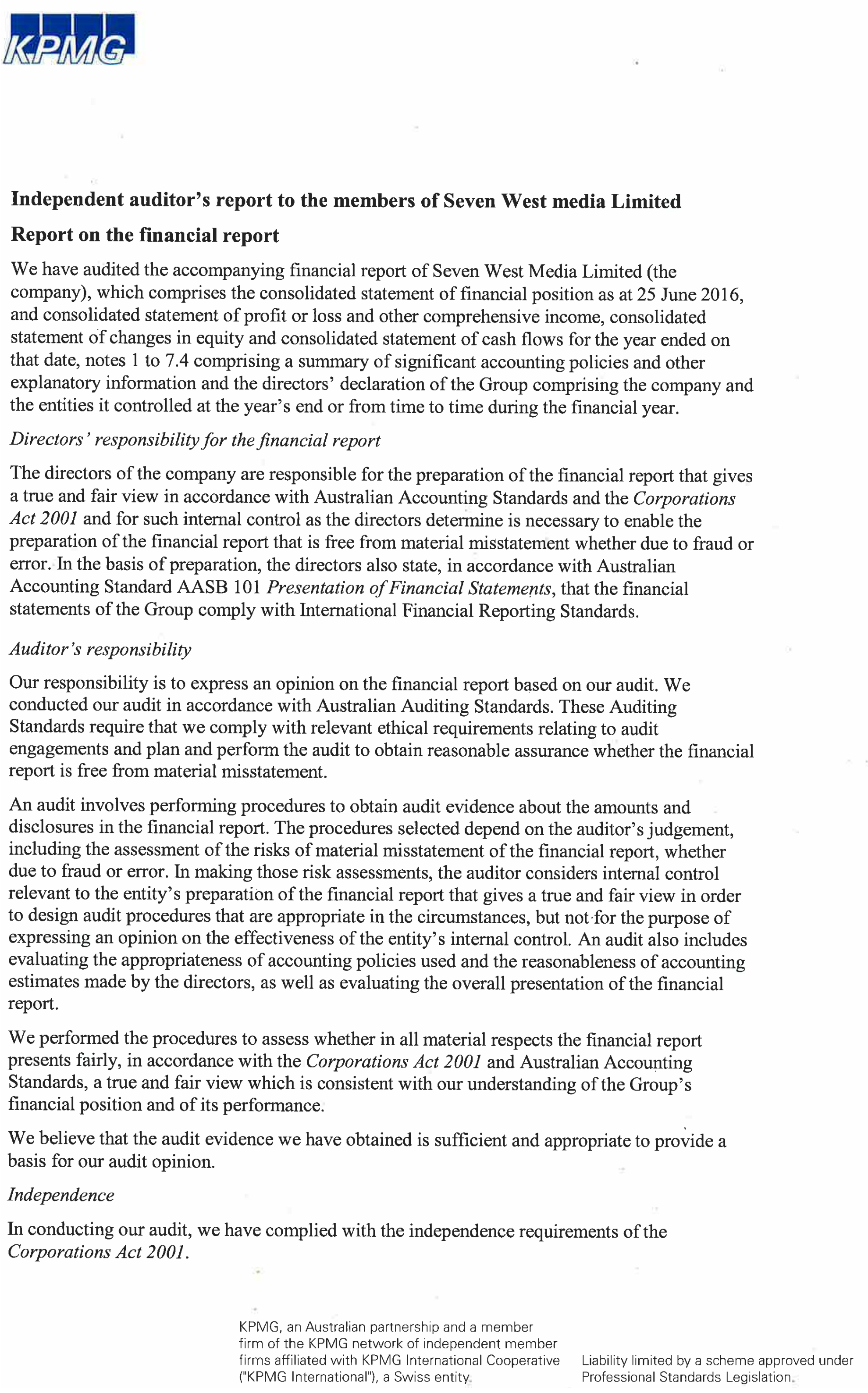
Signed in accordance with a resolution of the Directors.

KM Stokes AC
Chairman

Sydney
2 August 2016

Independent Auditor's Report

TO THE MEMBERS OF SEVEN WEST MEDIA LIMITED



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 25 June 2016, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 7.4 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 the basis of preparation, 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.

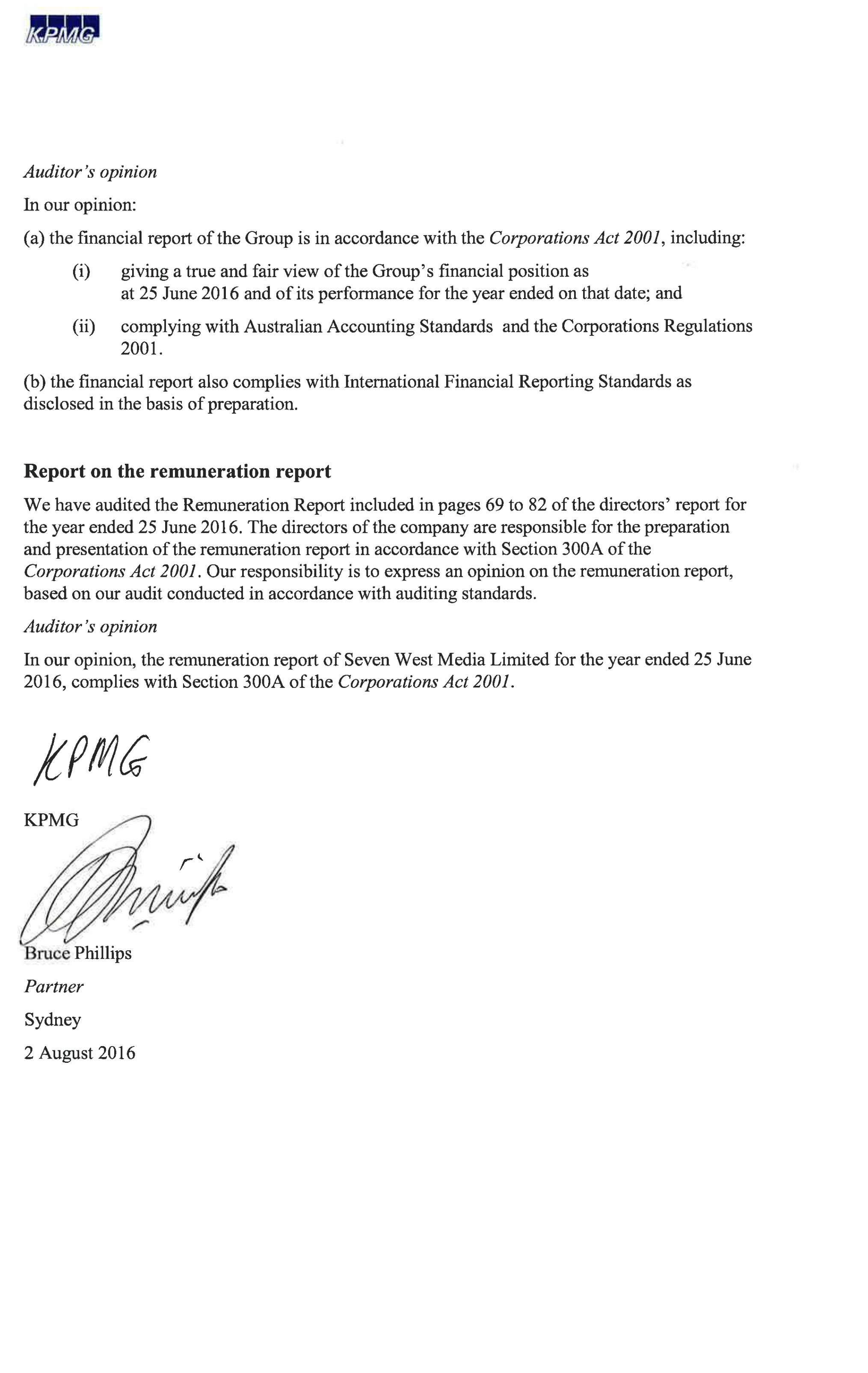
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Independent Auditor's Report

TO THE MEMBERS OF SEVEN WEST MEDIA LIMITED



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 25 June 2016 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 the basis of preparation.

Report on the remuneration report

We have audited the Remuneration Report included in pages 69 to 82 of the directors' report for the year ended 25 June 2016. 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 25 June 2016, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Bruce Phillips

Partner

Sydney

2 August 2016

Company Information

FOR THE YEAR ENDED 25 JUNE 2016

Directors

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

Company Secretary

WW Coatsworth

Registered Office

Newspaper House
50 Hasler Road
Osborne Park WA 6017

Share Registry

Boardroom Pty Limited
Level 12
Grosvenor Place
225 George Street
Sydney NSW 2000

Auditor

KPMG
Tower Three
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000

Stock Exchange Listing

Australian Stock Exchange
ASX code: SWM

Legal Advisors

Herbert Smith Freehills
ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Clayton Utz
Level 15
1 Bligh Street
Sydney NSW 2000

Addisons
60 Carrington Street
Sydney NSW 2000

Investor Information

FOR THE YEAR ENDED 25 JUNE 2016

Shareholder Inquiries

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

Boardroom Pty Limited
Level 12
Grosvenor Place
225 George Street
Sydney NSW 2000
Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664 or
Visit the online service at boardroomlimited.com.au

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

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

Tax File Number Information

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

The Chess System

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

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

Shareholder Information

FOR THE YEAR ENDED 25 JUNE 2016

The shareholder information set out below was applicable at 12 July 2016.

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	5,006
1,001 – 5,000	9,454
5,001 – 10,000	3,462
10,001 – 100,000	3,781
100,001 and over	229
	21,932

b. There were 1,989 holders of less than a marketable parcel of ordinary shares.

b. Equity security holders

The names of the twenty largest holders of equity securities are listed below:

Name	Number of ordinary shares held	Percentage of issued shares
Network Investment Holdings Pty Limited	611,600,387	40.55
HSBC Custody Nominees (Australia) Limited	215,569,688	14.30
JP Morgan Nominees Australia Limited	159,570,809	10.58
Citicorp Nominees Pty Limited	134,214,850	8.90
National Nominees Limited	71,976,750	4.77
BNP Paribas Nominees Pty Limited	67,675,010	4.49
UBS Nominees Pty Limited	7,111,267	0.47
RBC Investor Services Australia Nominees Pty Limited	5,589,804	0.38
AMP Life Limited	4,862,695	0.32
Citicorp Nominees Pty Limited	4,524,196	0.30
BNP Paribas Nominees Pty Limited	3,601,194	0.24
HSBC Custody Nominees (Australia) Limited	3,047,221	0.20
Brispot Nominees Pty Limited	2,892,738	0.19
BNP Paribas Nominees (NZ) Limited	2,673,396	0.18
Neale Edwards Pty Limited	2,362,804	0.16
CS Fourth Nominees Pty Limited	2,028,201	0.14
TCW Crescent Mezzanine Partners IV / IVB (Ireland) Limited	2,002,370	0.13
Waratah Capital Partners Pty Limited	1,525,000	0.10
National Nominees Limited	1,352,411	0.09
TS Rai 2 Pty Limited	1,291,000	0.08
	1,305,471,791	86.57

c. Substantial shareholders

Substantial shareholders in the Company are set out below:

Name	Substantial holding*	Number of ordinary shares in substantial holding
Mr Kerry Matthew Stokes AC	40.94%	619,753,734
Australian Capital Equity Pty Limited	40.88%	618,711,654
Seven Group Holdings Limited	40.88%	618,711,654

* Based on issued capital at date of notification.

The above percentages include the relevant interests held pursuant to the *Corporations Act 2001* and accordingly may differ from that disclosed in note b.

d. Voting rights

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

e. On-Market Buy Back

There is a current on-market buy-back.

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SEVEN WEST MEDIA

Newspaper House, 50 Hasler Road, Osborne Park, Perth WA 6017
T +61 8 9482 3111 **F** + 61 8 9482 9080

sevenwestmedia.com.au