



SEVEN WEST MEDIA

ABN 91 053 480 845

Delivering the future of content. Anywhere. Any screen. Anytime.

Annual Report 2015

Seven West Media cares about the environment.

By printing 2000 copies of this Annual Report on ecoStar Silk and ecoStar Offset the environmental impact was reduced by*:

1,321kg of landfill	191kg of CO ₂ and greenhouse gases	1,910km travel in the average European car
29,840 litres of water	2,750kWh of energy	2,146kg of wood



Source: European BREF data (virgin fibre paper). Carbon footprint data evaluated by Labelia Conseil in accordance with the Bilan Carbone® methodology. Results are obtained according to technical information and are subject to modification.
*compared to a non-recycled paper.



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Contents

What We Do	4	Risk, Environment	
Our Brands	6	and Social Responsibility	42
Our Strategy	8	The Future of Us	44
Our Strategic Framework	10	Board of Directors	46
Letter from the Chairman	12	Corporate Governance Statement	49
Letter from the		Directors' Report	60
Managing Director & CEO	14	Remuneration Report	64
Performance Dashboard	16	Auditor's Independence Declaration	83
Performance of the Business	18	Financial Statements	84
Group Performance	20	Directors' Declaration	134
Television	26	Independent Auditor's Report	135
Newspapers	32	Company Information	137
Magazines	36	Investor Information	138
Other Business and New Ventures	40	Shareholder Information	139



The right people
creating great
content across
television, digital,
mobile and
newspaper and
magazine publishing.

What We Do

We are achieving growth
in the delivery of our content
across our portfolio of
integrated media platforms.

Seven Network

**14.9
million**

national average
weekly reach

Newspapers

**1.7
million**

consumers across print
and online every month

Magazines

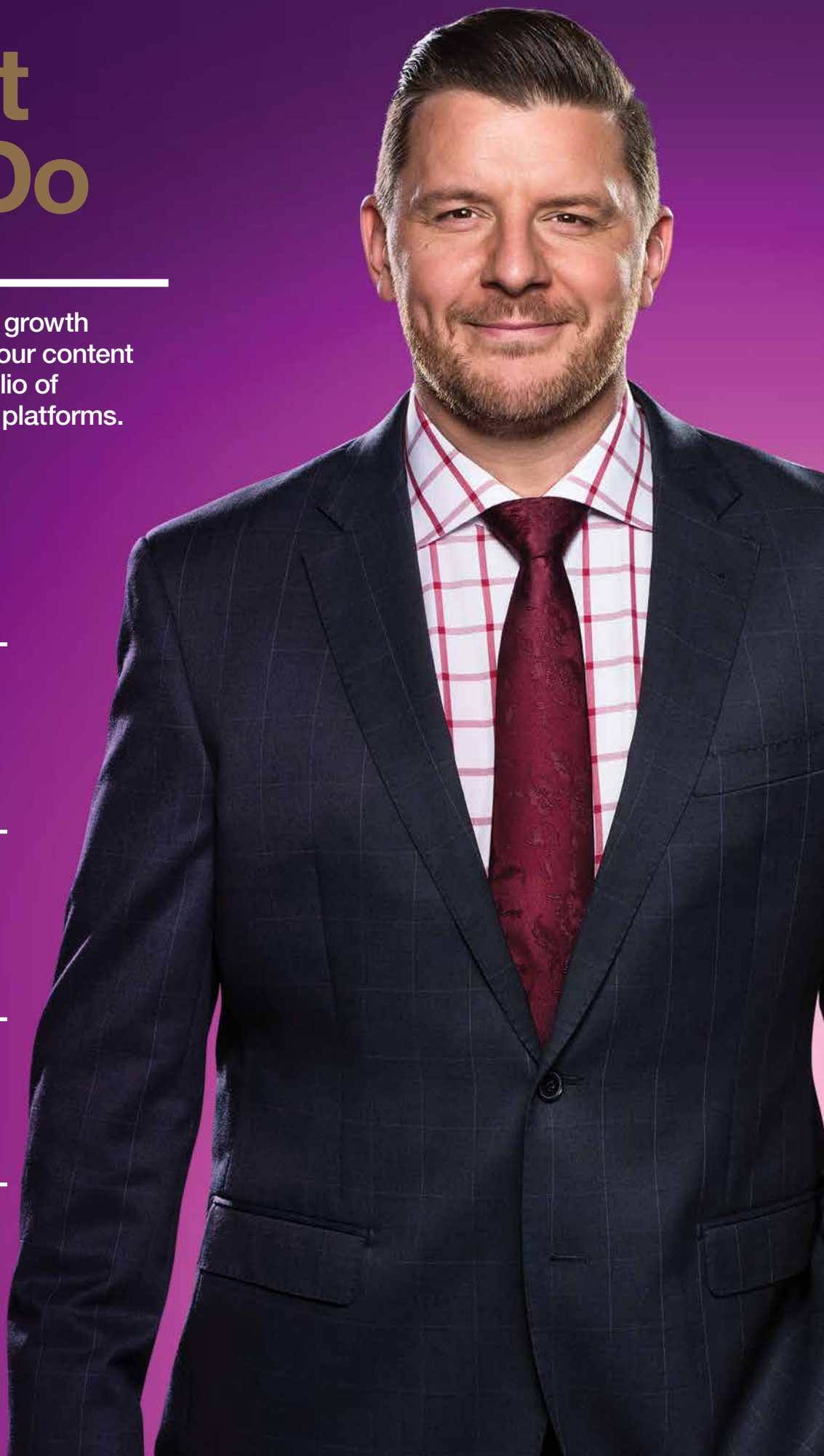
**17.1
million**

audience touchpoints

Yahoo7

**12.9
million**

monthly unique users





Our Brands

Seven West Media is Australia's leading multiple platform media company with a market-leading presence in broadcast television, magazine and newspaper publishing and online.

We are a content company

Seven West Media is creating more content now than at any time in our history and we are expanding our presence globally. We are a driving force in the development, creation and delivery of premium content that resonates with Australians and international audiences. This is our competitive advantage and will be the key to long term success in the changing media landscape.

We deliver a market-leading presence in television, magazines, newspapers and online. We deliver audiences. We operate in a competitive market place with changing media consumption habits, but what differentiates us is our content and our ability to distribute that content across any medium and device.

Many of Australia's most respected media businesses are in our portfolio – The Seven Network, Pacific Magazines, The West Australian, Yahoo7 and Presto. And we are the home of many of the biggest content brands including My Kitchen Rules, House Rules, The X Factor, Home and Away, Sunrise, the Australian Football League, the Olympic Games, Better Homes and Gardens, New Idea, marie claire, Who, The West Australian and PLUS7.

We own and are extending the media value chain beyond the traditional business models. We are using these new integrated business models and leveraging our strong partnerships to understand audiences across platforms, create content that resonates and then monetise that content through integrated client focused sales solutions. We reach audiences everywhere and we allow our clients to speak to those audiences.

Our media businesses

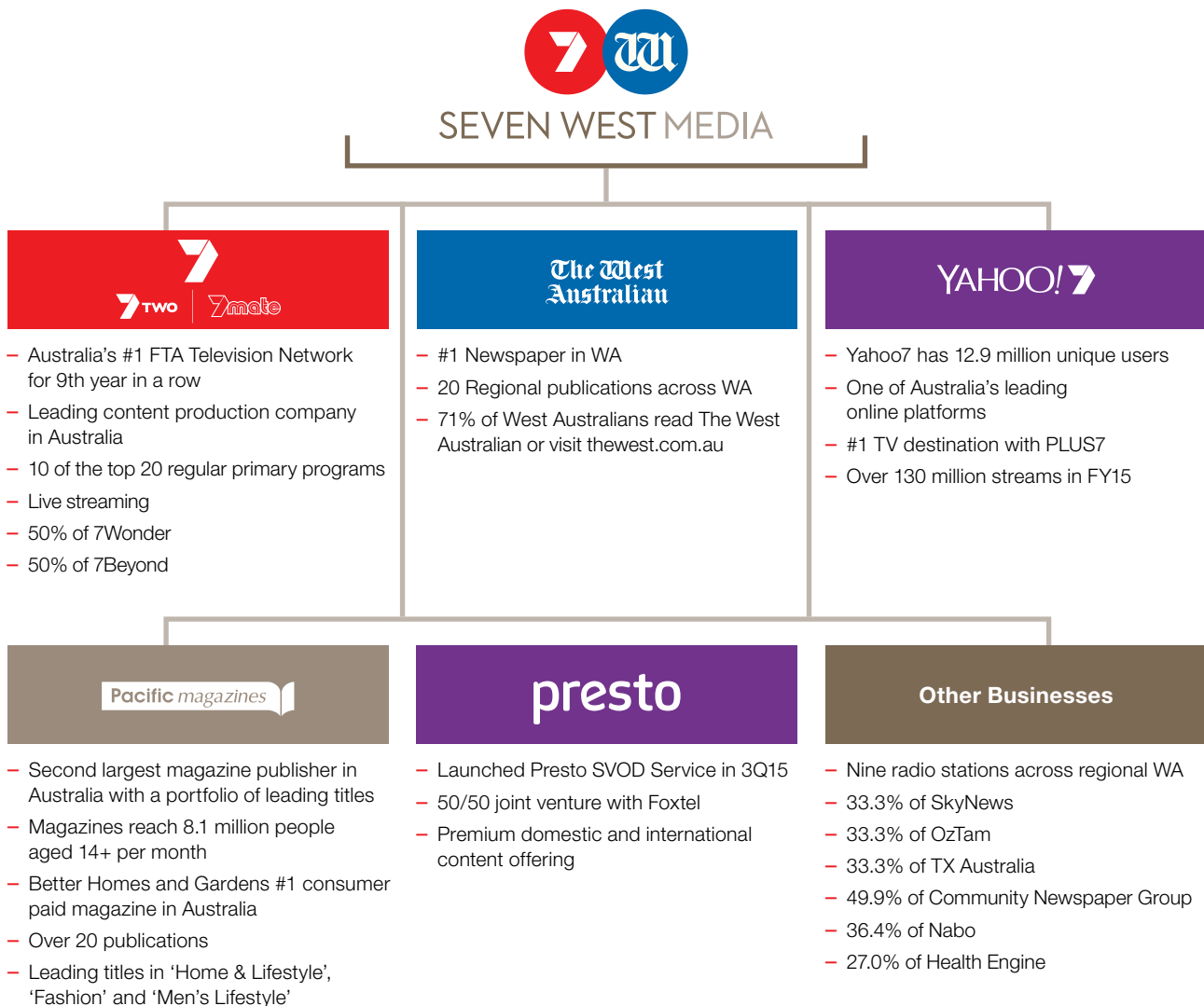
Television: Our objective in television is clear. Build on our leadership and our trusted brand to deliver market-leading audience, revenue share and margins. Our expertise in content creation and curation and our dominant sports portfolio create the leverage to bring Australians together. As new forms of content delivery fragment the market, television will continue to be at the centre of mass audience reach. We believe reaching that mass audience will only become more valuable in a fragmenting world.

Recognising this fragmentation of audiences and changes in viewing consumption, we have extended our content onto new platforms with new delivery models. Our content window strategy now extends beyond the linear television experience to the premium on demand subscription service. With Foxtel we have brought consumers Presto. The partnership brings together Foxtel's strengths in subscription television and its niche content offering with our strength in local content creation, curation and broadcast.

We have also extended our content onto 'Hybrid TV' which fuses broadcast and online connectivity for content delivery. Hybrid TV will, over the coming decade, redefine how our content and brands engage with audiences and build 1:1 relationships with them.

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

Our magazine brands are transitioning beyond print into Social Media, Digital Video, eCommerce and live events. The personification of our brands via digital speaks to the 1:1 relationship we are creating with our readers.



The West Australian newsroom is now co-located with Seven Perth creating an engine room for news. Our news team's digital offering is growing and its unique voice and point of difference is being articulated on thewest.com.au.

The power and delivery of brands such as The West Australian, Better Homes and Gardens and New Idea is second to none, especially for our clients and consumers who want trusted, brand-safe sources of information and entertainment.

Digital: We are growing, integrating and investing in digital. Yahoo7 is one of Australia's most popular online destinations and provides another window to monetise content created in the TV and publishing businesses. Yahoo7 also provides us with the best and brightest digital talent, technology and a space to be strategically

agile and responsive to the changing media landscape. Yahoo7 is this home of PLUS7, our market-leading catch-up television service. Catch-up television 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. Yahoo7 and our social media properties also provide the platforms for ongoing 1:1 conversations and a fully flexible personalised experience with our television and print brands.

Content is the lifeblood of all 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.

Our Strategy

Build on our leadership, invest in our future, redefine our operating model and fuel new growth that will underpin our future.

Producing more than

**700
hours**

of Australian
programmes

presto
unbelievable
entertainment

Partners with
Foxtel to deliver
Subscription Video
on Demand

Complete co-location
of news at

The West

**We lead in content creation.
We are also first and foremost
an audience company.
We deliver audiences. We are
a mass audience company.
We are a 1:1 audience company.**

Cameron Ling, a key specialist commentator for AFL on Seven. Seven is building a major online and digital presence in the delivery of sports content beyond broadcast television.

Our Strategic Framework

Content continues to be at the core of our business, and as the market for premium content continues to grow, Seven West Media is uniquely positioned to take advantage of that trend.

Consumers continue to seek content through our traditional broadcast and publishing channels. In addition, consumption of online content in the home and on the move is increasing. This trend is being driven relentlessly by improvements to fixed and mobile networks and by the growth and advancements of mobile and tablet devices.

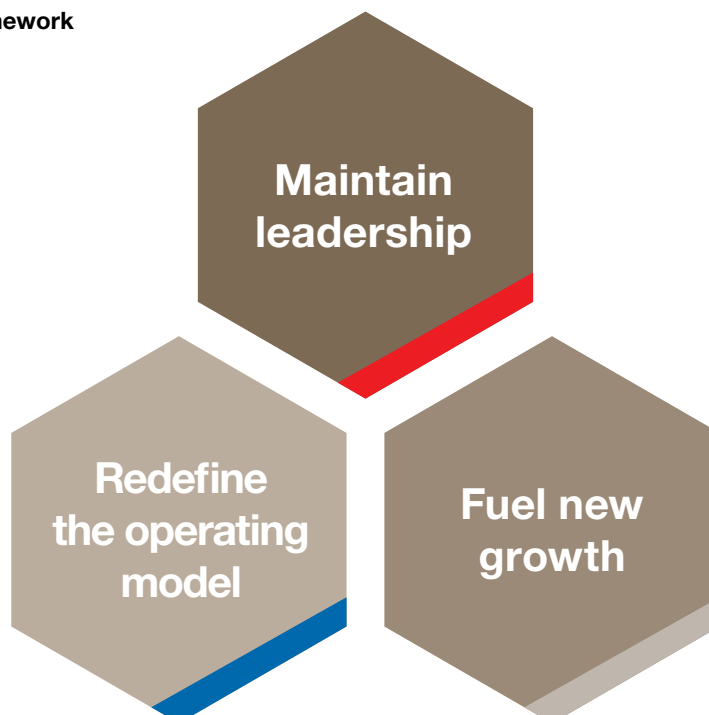
This demand coupled with an explosion in distribution options creates a unique opportunity for premium content creators and rights owners. As Australia's leading content company, Seven West Media is well placed to capitalise on this opportunity by ensuring our content is available wherever and whenever audiences want to consume it.

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. We also reshaped our structure to ensure we are set up for continued execution of our strategy.

Strategic Framework





Letter from the Chairman

Welcome to our annual report for shareholders. It goes without saying that it has been a defining twelve months for media. It has also been a defining twelve months for your company.

The pace of change in how audiences engage with our content continues to accelerate.

Our media businesses continue to drive home their leadership across broadcast television and publishing. We continue to deliver market-leading advertising revenue shares and margins. But how we operate and how we deliver our content is changing. And it is changing quickly.

Over the past twelve months, we have continued to redefine our businesses.

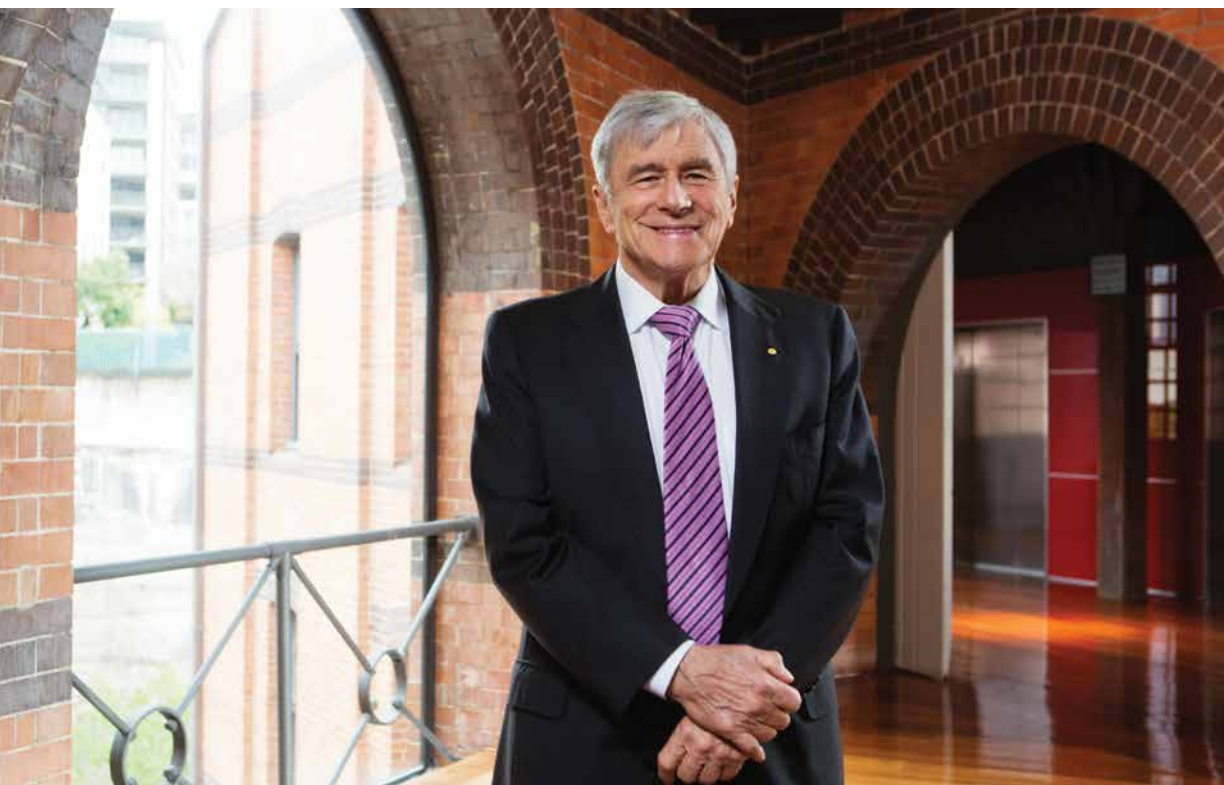
Our leadership in the creation of content relevant to our audiences continues to define and drive our business. We are also redefining how we deliver that content to our audiences across broadcast television and publishing and digital delivery platforms and most importantly, mobile devices.

In this annual report, we outline the developments in our company.

We are well-placed to play a leading role in defining the future media landscape in Australia, and importantly how we adapt and take advantage of the extraordinary opportunities to build our business.

Much has been done over the past twelve months.

We have strengthened our content creation capabilities. We have made rapid advances in building the architecture for our future with the creation of new partnerships that see us delivering television content beyond broadcast television. We will deliver content to all Australians on any communications device.



We have secured long-term agreements with the International Olympic Committee and Australian Football League, agreements that will play a vital and integral role in the development of our media businesses over the coming decade.

We have done much. The underlying strengths of our broadcast television and publishing businesses will be cornerstones of our future.

For the full year to 27 June 2015 Seven West Media has booked a total impairment of \$2,065.2 million (including \$1,091.5 million booked at December 2014), most of which relates to television goodwill and licences recognised as part of the 2011 West Australian Newspapers/Seven West Media transaction. This adjustment reflects revisions to our future growth forecasts, accounting for recent advertising market conditions, prominence of new entrants and changes in future cost assumptions. The Directors consider it prudent to recognise this non-cash adjustment to the carrying values of the assets in our business given the market dynamics that have become more evident in recent months.

It does not change our view on the strengths of our broadcast television and publishing businesses as the content creation and mass audience delivery engine rooms for our future.

The company also entered into an agreement with Seven Group Holdings Limited that delivers Seven West Media greater financial flexibility and a more simplified capital structure. The agreement – approved by our shareholders – allowed for the early conversion of all the Convertible Preference Shares held by Seven Group Holdings into Seven West Media ordinary shares. We also announced a conditional, accelerated, non-renounceable entitlement offer to all eligible shareholders of new Seven West Media ordinary shares. The successful completion of these transactions has delivered a simplified capital structure coupled with reduced gearing.

We have a stronger balance sheet to drive the future development of our businesses.

These important steps forward do not mask our current share price. As a major shareholder in your company, I acknowledge that our share price – in the current challenging conditions confronting consumer confidence and advertising demand coupled with significant and rapid changes in new technologies – may not reflect

the underlying strengths of our businesses and our plans for development.

I – and your board – am committed to enhancing shareholder value. It is a primary focus for your company over the coming twelve months.

Recently, as part of a broader long-term plan on our board structure and composition following the retirement of Graeme John, Doug Flynn and Don Voelte, we announced the appointment of Tim Worner to the Board, as Managing Director and Chief Executive Officer, along with Sheila McGregor, Jeffrey Kennett and Michael Malone as new independent Non-Executive Directors.

We are adapting quickly to take advantage of extraordinary opportunities to build our business.

I wish to acknowledge the extraordinary commitment and input from Graeme, Doug and Don. I am also delighted to welcome our new directors to an already highly-credentialed and energised board.

The past twelve months has seen our businesses build on its leadership. Perhaps not so visible has been the extraordinary progress for our business in building our content creation, securing new delivery platforms and implementing structures that allow us to manage our costs, drive greater efficiencies and build our businesses to take advantage of this extraordinary, changing and dynamic landscape.

It has been a defining twelve months for your company. On behalf of your board I thank you, our shareholders, for your continuing support. I also wish to acknowledge our people. Their commitment, their passion, and their creativity define us.



Kerry Stokes AC
Chairman

Letter from the Managing Director & CEO

Over the past twelve months we have put in place the architecture that will define how this company will continue to build its business in a time of extraordinary change.

It is an architecture designed to also drive home our leadership over the coming twelve months.

We are expanding our presence in media. We are expanding our presence in the creation of content. And we are expanding our technology to deliver our content to our audiences anywhere, anytime and on any device.

Our drive to take our content beyond broadcast television moves to a new level with the delivery of our market-leading broadcast television networks live to any device.

The launch of this new approach builds on our moves into AVOD with PLUS7 and SVOD with our Presto partnership with Foxtel. It is a landmark development for our company. It underscores the pace of change inside our business and it also provides the clear definition of where our business is heading, quickly. In less than twelve months we have put in place structures, partnerships and content creation capabilities to create two new streaming businesses.

They are businesses that will play key roles in our future.

And in twelve months, we will move to another level with our coverage of the Olympic Games in Rio de Janeiro.

We are set to provide the most comprehensive, innovative multi-platform Olympic Games coverage ever seen. Every event will be broadcast live across broadcast television and any connected device in the next chapter of our long and deep partnership with the Olympic movement.

And underpinning this move into new forms of delivery, in particular mobile, will be our broadcast television business. We are now in our ninth consecutive year of leadership in primetime. And our leadership sees Seven securing a market-leading share of the television advertising market.

This is our tenth consecutive year of writing more advertising revenue than any other television network. We are focused on building on that leadership in audience delivery and share of advertising revenue.

We are expanding our presence in content creation. And this focus on our content extends into our publishing businesses. We see these businesses as built on brands and content. They are increasingly valuable destinations for consumers. And we are expanding them with new forms of content delivery, often driven by Seven's television channels.

The West Australian is now completely integrated with Channel Seven Perth, including the commissioning of an integrated news centre that delivers broadcast television, publishing, digital and radio newsgathering. Pacific is driving home the strength of its publishing brands beyond the pages of a magazine 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" encompassing all our media assets.

These developments are being undertaken in what is undoubtedly a challenging market. Accelerating market trends around content consumption and engagement on mobile devices are providing extraordinary opportunities for our development. Digital content engagement is at the centre of our plans for the future. And the beating heart, the engine of our development, will be our broadcast television business and the creativity of our people across all our businesses.

Our people ensure our success. Their commitment underpins who we are and what we do. One moment from the last twelve months which defined our people was the siege in Martin Place. It is an undeniable reality that in the news business some of our finest work is delivered in the saddest of circumstances.



Our people at 52 Martin Place – across Seven News, Sunrise and The Morning Show – displayed an extraordinary level of dedication and professionalism in the most adverse of circumstances. With our Sydney news centre evacuated, we relied on an Australia-wide team effort that involved Seven News staff from Perth and Melbourne. Their work has been acknowledged by their peers and our audiences. And we dedicate that acknowledgment to those who lost their lives and those impacted by that terrible day just before Christmas last year.

Tim Worner
Managing Director & CEO

The Olympic Games on Seven.

Seven is continuing to dramatically expand its coverage of major sports across its three digital broadcast television channels and accelerate coverage across online, IPTV, social media mobile and other emerging forms of IP content delivery.

Seven's commitment to an expanding presence in sports builds on the network's unprecedented new long-term agreement with the International Olympic Committee for all-encompassing coverage of the Olympic Games.



Australia's Olympic Network

Performance Dashboard

Reporting progress
against our strategic priorities.

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

1

Maintain Leadership



Milestones achieved

- Delivered #1 share of TV advertising market across FY15 at 40%
- Distributed 10 of the Top 20 programs in FY15 on Seven
- Outperformed newspaper circulation revenue trends versus peers
- Grew magazines advertising share to 31.5% in FY15 (30.1% FY14)
- Secured key sporting rights (Olympics, Paralympic Games, Commonwealth Games)
- Delivered sport. Anywhere. Any screen. Anytime.

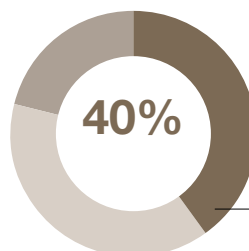


Focus for FY16

- Extend distribution of content to build reach and frequency
- Enhance production scale and capability

#1

Delivered a 40% share
of the TV advertising market



SWM 40%

2 Fuel New Growth

Milestones achieved

- Increased digital video revenue by 66%
- Delivered 17% growth in content sales
- Secured commissions from Foxtel for A Place To Call Home
- Established international pipeline of commissions for 7Wonder and 7Beyond
- Monetising new digital sports rights
- Launched Presto joint venture with Foxtel
- Launched '40 Days of Sport' live streaming
- Launched thoroughbred racing channel racing.com on Channel 78
- Secured ESPN advertising representation

Focus for FY16

- Diversify revenue streams through non-advertising revenues
- Enhance digital offering with transactional opportunities
- Grow the Live Events business
- Leverage promotional power of SWM assets to build new revenue streams

17% growth

delivered in **content sales**



3 Redefine the Operating Model

Milestones achieved

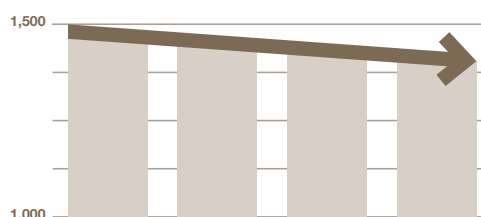
- Delivered strong operating cashflows (before interest and tax) at \$349 million
- Early resolution of the CPS, completed capital raising and reduced leverage
- Completed the co-location of 7 Perth and The West's newsroom
- Implemented key process efficiency projects (Newsgate and IBMS)
- Appointed Chief Digital Officer and Director of TV Operations

Focus for FY16

- Improve leverage and utility of content across platforms
- Continue to drive supply chain improvements and cost reductions

2.4% decrease

in **operating costs** from FY14



Performance of the Business

Operating and Financial Review
for the year ended 27 June 2015

Television

**9th
year**

of consecutive
ratings leadership

Magazines

**record high
% share**

of advertising revenue,
circulation and readership

Newspapers

**engaging
71%**

of Western Australians
every month

Digital

**>130
million**

video streams served in FY15





Group Performance

SWM Summary Financial Performance

	FY15 \$m	FY14 \$m	Change % ³
Revenue	1,770.4	1,844.9	-4.0%
Other income	0.9	0.1	–
Share of net profit of equity accounted investees	3.4	16.8	-79.8%
Revenue, other income and equity accounted profits	1,774.7	1,861.8	-4.7%
Operating expenses excluding depreciation and amortisation	(1,367.7)	(1,403.6)	-2.6%
EBITDA ¹	407.0	458.2	-11.2%
Depreciation and amortisation	(50.7)	(50.0)	1.4%
EBIT ²	356.3	408.2	-12.7%
Net finance costs	(60.7)	(77.8)	-22.0%
Profit before significant items and tax	295.6	330.4	-10.5%
Significant items excluding tax	(2,122.8)	(87.0)	–
(Loss)/Profit after tax	(1,827.2)	243.4	–
Tax expense	(60.2)	(94.2)	–
(Loss)/Profit after tax	(1,887.4)	149.2	–
EBITDA margin	22.9%	24.6%	
Basic EPS ⁴	(181.1) cents	14.8 cents	
Basic EPS excluding significant items net of tax	20.1 cents	23.4 cents	
Diluted EPS (statutory) ⁵	(181.1) cents	12.6 cents	
Diluted EPS excluding significant items net of tax	16.0 cents	19.9 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. EPS and DEPS for prior year have been restated to adjust the calculations retrospectively for the shares issued under the 2.27 for 3 conditional, accelerated, non-renounceable entitlement offer which was finalised in June 15.

5. Statutory Diluted EPS for June 2015 does not assume conversion of the CPS as this would have an anti-dilutive effect on earnings per share.

Reconciliation of EBIT to statutory (loss) profit before tax

	FY15 \$m	FY14 \$m	Change %
EBIT	356.3	408.2	-12.7%
Net finance costs	(60.7)	(77.8)	-22.0%
Significant items excluding tax	(2,122.8)	(87.0)	–
(Loss) Profit before tax	(1,827.2)	243.4	–

Key Highlights:

Underlying net profit
after tax of

**\$209
million**

Excludes the impact of significant items net of tax

4 cents

fully franked
final FY15 dividend

Total operating
costs reduced

\$35 million

year-on-year

Operating cash flows
(before interest
and tax) of

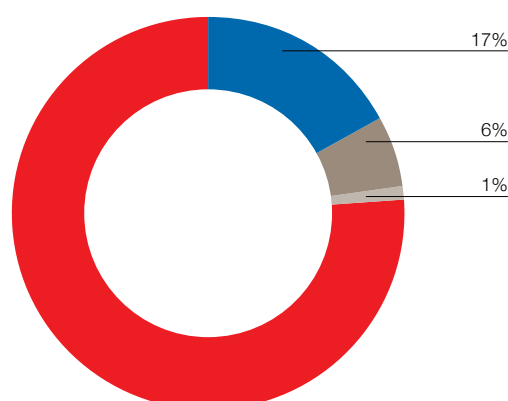
**\$349
million**

Net debt reduced

**\$426
million**

year-on-year

EBITDA as a % of the group



76%

of the group EBITDA
is attributable to the
Television business

- Newspapers
- Magazines
- Other Business and New Ventures

Excludes impact of corporate costs

Seven West Media Limited reported a statutory net loss of \$1,887.4 million for the year ended 27 June 2015. This compares to the previous corresponding year statutory net profit of \$149.2 million. Significant items of \$2,122.8 million include the impairment of Television, Newspapers and Magazines goodwill, Television licences, Newspaper and Magazines mastheads and licences, equity accounted investees, restructuring costs, transaction costs and impairment of onerous contracts.

Excluding significant items, the current year profit after tax of \$209.1 million is down 11.5 per cent on the previous year profit of \$236.2 million.

The group delivered revenue of \$1,774.7 million, down 4.7 per cent versus the previous year, and profit before significant items, net finance costs and tax (EBIT) of \$356.3 million, down 12.7 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 2015 (2014 final dividend: 6 cents per share fully franked).

Advertising Market and Revenue Performance

The Australian advertising market increased 3.1 per cent in the financial year to 30 June 2015, based on SMI data. Metropolitan

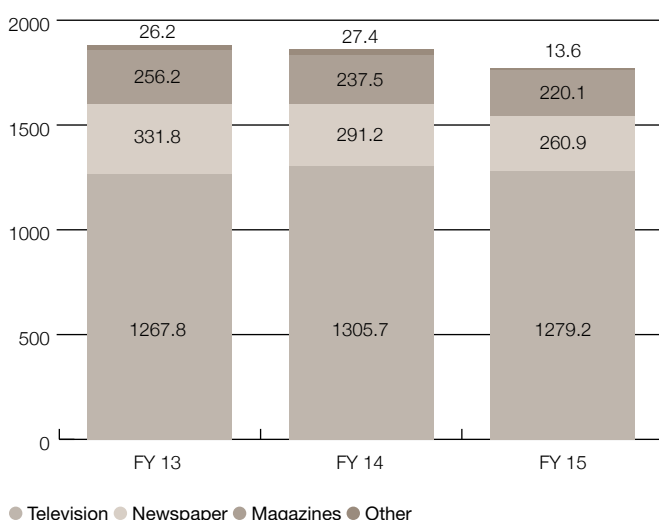
television advertising decreased 1.6 per cent in the same period, based on Free TV data. Despite these challenges, Seven generated a strong 40.0 per cent revenue market share to lead all commercial networks.

The decline in print advertising markets eased during the current year. SMI reported a decline of 10.5 per cent in Newspapers (prior year 16 per cent). The West Australian newspaper reported a decline of 13.3 per cent partly related to the current economic challenges in that state. SMI data also indicated an 11.8 per cent decline in Magazines (last year 17 per cent). Pacific Magazines outperformed the market with a decline of 4.9 per cent, growing its share of the consumer magazine advertising market from 30.1 per cent to 31.5 per cent.

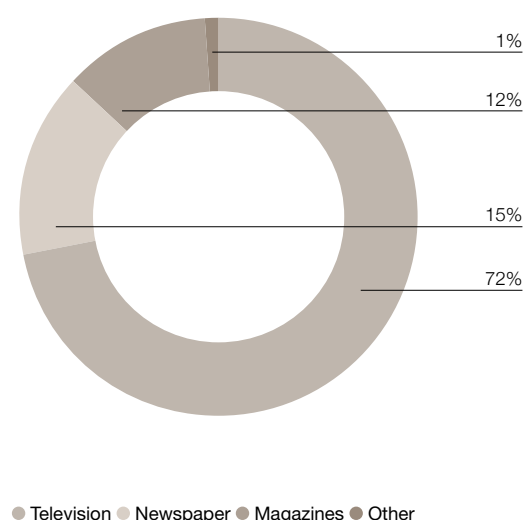
Advertising market growth in digital continued with an increase of 17.6 per cent. Yahoo7 lifted 0.7 per cent with strong growth in native and video advertising offsetting softness in display advertising. Native and video advertising are becoming an increasing proportion of its total revenue.

Group revenue of \$1,774.7 million was 4.7 per cent lower than the prior year with advertising revenue of \$1,364.4 million and other revenue of \$410.3 million. Television revenue now represents 72 per cent of group revenue.

Total Revenue (\$m's)



Percentage of Total Revenue



Revenues shown in charts above exclude Corporate revenues.

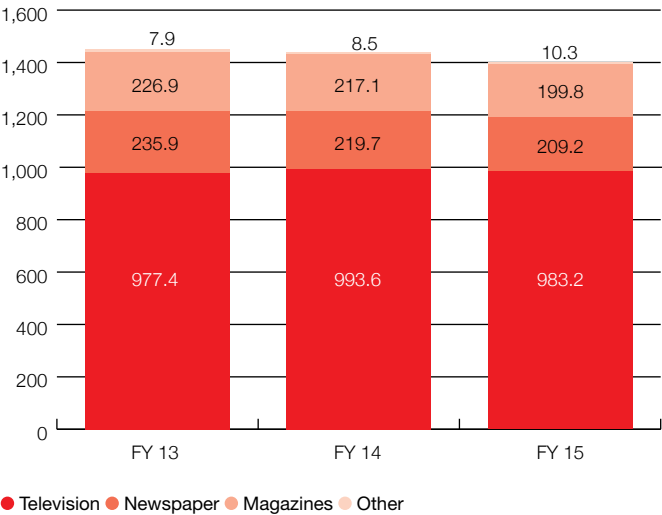


Cost Management

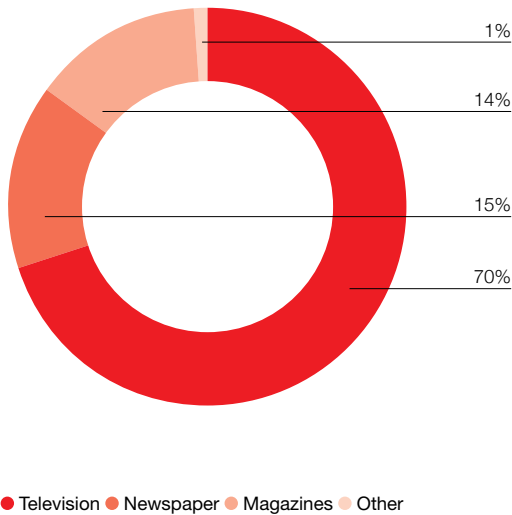
Total Group costs (including depreciation and amortisation) decreased 2.4 per cent in the period to \$1,418.4 million, demonstrating strong discipline and a commitment to cost control across the Group.

Television, Newspapers and Magazines recorded cost reductions of 1.0 per cent, 4.8 per cent and 8.0 per cent respectively.

Operating Costs (\$m's)



Percentage of Total Costs



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

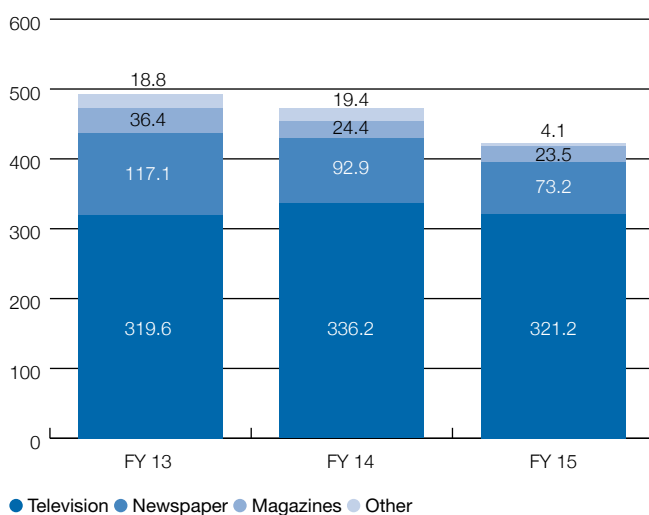


EBITDA and Operating Margins

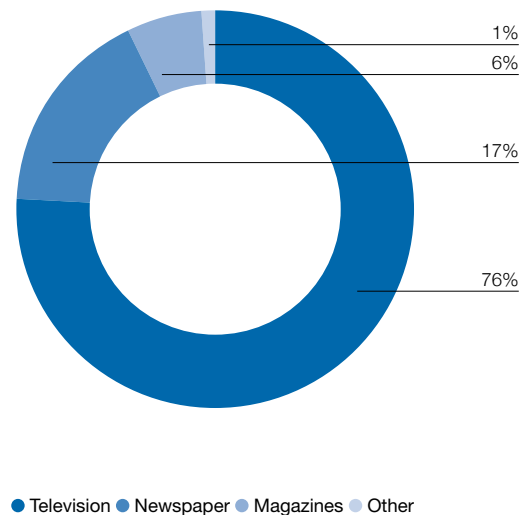
Seven West Media delivered EBITDA of \$407.0 million, 11.2 per cent lower than the prior year at an EBITDA margin of 22.9 per cent. Market leading EBITDA margins were retained throughout the group's business segments

with television EBITDA margin at 25.1 per cent, newspapers EBITDA margin of 28.1 per cent and magazines EBITDA margin of 10.7 per cent. Television EBITDA now accounts for 76 per cent of total group EBITDA.

EBITDA (\$m's)



Percentage of Total EBITDA



All EBITDA margin percentages exclude the impact of significant items and Corporate costs.

Balance Sheet

At 27 June 2015 Seven West Media had net assets of \$1,195.0 million.

At an extraordinary general meeting held on 2 June 2015, the Company completed the conversion of 2,500 convertible preference shares (CPS) held by Seven Group Holdings Limited. The CPS converted to 265,749,570 ordinary shares at \$1.28 per share, being a 5% discount to the average daily VWAP (Volume Weighted Average Price) for the 5 trading days prior to the announcement of the transaction on 29 April 2015. A 2.27 for 3 pro-rata entitlement offer was announced as part of the conversion arrangement and was granted to all eligible shareholders (Seven Group Holding Limited did not participate). The entitlement offer raised an additional \$310.7 million cash which was applied to reduce non-current borrowings.

During the year net assets reduced by \$1,702.2 million driven by the impairment of Television, Newspapers and Magazines goodwill, Television licences, Newspaper and Magazines mastheads and licences, equity accounted investments and onerous contracts.

Group net debt declined by \$425.7m (or 36.7 per cent) due to positive cash performance as well as the capital raising that was completed in June 2015. The group's debt leverage ratio has reduced to 1.8x EBITDA, down from 2.5x EBITDA in the prior year.

We deliver market-leading margins across our businesses. We are managing our costs and driving great efficiencies as “one company”.



LEFT: Dancing with the Stars

RIGHT: 800 words

Television

Across 2015, Seven continues to build on its leadership in audience delivery across primetime, breakfast and morning television, securing more advertising revenue than any other television network.

#1

Seven dominates the television landscape with Seven, 7TWO and 7mate.

This financial year has been a transformational period for the Seven Network, delivering new initiatives that will be pivotal in shaping the network for future years. The Seven Network continues its strong leadership in audiences and revenue share.

Leadership in Australian Television

The Seven Network has delivered its 17th consecutive half of ratings leadership with a total individual rating share in primetime of 38.5 per cent for the financial year, winning 29 of the 40 ratings weeks. In the second half of the 2015 financial year Seven has won 16 of the 18 weeks and grown ratings share in all key demographics. Seven is number one on primary channels and the combined audiences of additional digital channels across primetime.

Seven continues to lead the market in television advertising revenue share, delivering a 40 per cent share across the 2014–2015 financial year in what was a tough and competitive advertising market.

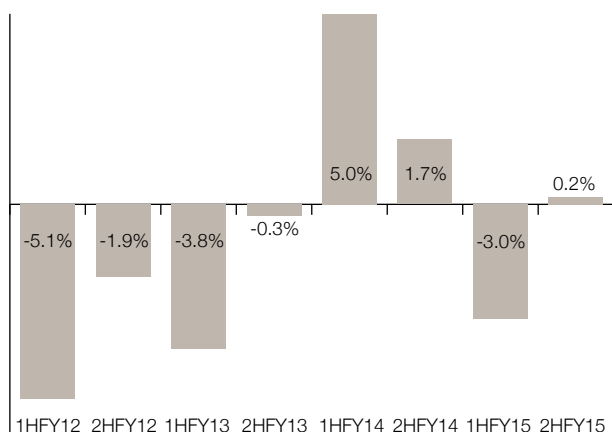
Seven is Australia's most-watched broadcast television platform. Seven – with three broadcast channels, Seven, 7TWO and 7mate – continues to lead in primetime, building on its market-leading performance over the past nine years.

The network also dominates across breakfast and morning television.

Highlights for the 2015 financial year include:

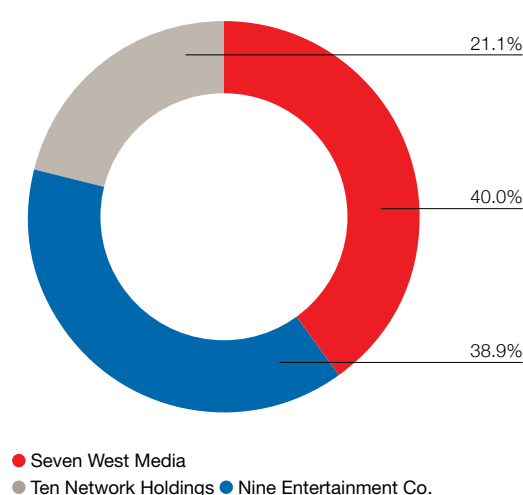
- Seven has won more weeks and more primetime nights than any other network
- The 6 months to June 2015 represents Seven's largest gap over Nine since 2011 – in total people and every key demographic. Seven leads Nine by 3.9 percentage points for the first half of the 2015 calendar year (ratings weeks) with the East Coast the most significant improvement.
- Seven continues to deliver the most-watched regular series on television with 10 of the top 20 regular programs including the market-dominating performance of My Kitchen Rules.

FTA Metro Ad Market Growth/(Decline)



Source: KPMG Free TV, 6 months to June 2015

Metro FTA TV Ad Revenue Market Share



Source: KPMG Free TV, 12 months to June 2015

Financial Performance

Television revenue decreased 2.0 per cent to \$1,279.2 million accounting for 72 per cent of group revenue (70 per cent FY14). EBIT (Profit before significant items, net finance costs and tax) decreased 5.1 per cent to \$296.0 million making up 80 per cent of group EBIT (excluding corporate costs) (74 per cent FY14).

Seven maintained its prudent cost approach with total costs decreasing by 1 per cent compared to last year, and delivered EBITDA of \$321.2 million, down 4.5 per cent on the prior year with a market leading EBITDA margin of 25.1 per cent for the FTA television sector.

Ratings Performance

My Kitchen Rules (2.4 million), House Rules (1.7 million) and Winter (1.6 million) dominated the most-watched programmes in 2015. Downtown Abbey (1.5 million) and Sunday Night (1.5 million) delivered on Sundays and Home and Away (1.4 million) underpinned Seven's weekdays across Australia in the 2014–2015 financial year.

Confirming Seven's leadership in Australian drama television have been the performances of Winter, our new drama project for Rebecca

Gibney and Catching Milat. Catching Milat delivered 2.6 million viewers on broadcast television, 300,000 on personal video recorder catch-up and a further 285,000 viewers on PLUS7. Seven is committed to further building on its success in drama with several new projects in development, including two major drama events: Peter Allen: 'Not The Boy Next Door' and 'Molly'.

Content at the Core

Seven is recognised as a leader in the development and production of Australian television content. We are driving our own future with the programs and content we create. This is a core strategic focus for the business – growing domestic production, developing content for other networks, distributing content globally and building out our production presence in international markets. This area of our business has grown strongly with this financial year marking another period of double digit growth. Our content arm encompasses 7Productions, 7Wonder in the UK, 7Beyond in the US and there are plans to launch new international partnerships. Across the portfolio we are producing content for Foxtel, National Geographic, History Channel, Travel Channel, HGTV, BSKYB, ITV, Channel 4 and the BBC. New appointments heading Development, Content Sales and International Development will support Australia in the next phase of growth.

Financial Performance: Television

	FY15 \$m	FY14 \$m	Change %
Revenue			
Advertising	1,118.1	1,153.3	-3.1%
Affiliation Fess, Program Sales and Other	161.1	152.4	5.7%
Total Revenue	1,279.2	1,305.7	-2.0%
Costs			
Revenue variable costs	80.4	83.8	-4.1%
Depreciation and amortisation	25.2	24.1	4.7%
Other costs	877.6	885.7	-0.9%
Total Costs	983.2	993.6	-1.0%
EBIT	296.0	312.1	-5.1%

Highlights this financial year include the agreement to develop two series of A Place To Call Home for Foxtel, continued strong demand for My Kitchen Rules, with the Australian version now sold into more than 150 territories. 7Productions alone will commission, create and produce nearly 700 hours of scripted, entertainment, reality, observational documentaries and children's programming. Momentum in our production joint ventures, 7Wonder and 7Beyond, is building with several commissions secured for major networks this financial year, including separate productions with Billy Connolly, Micky Flanagan, Lenny Henry and a new series for a US cable network.

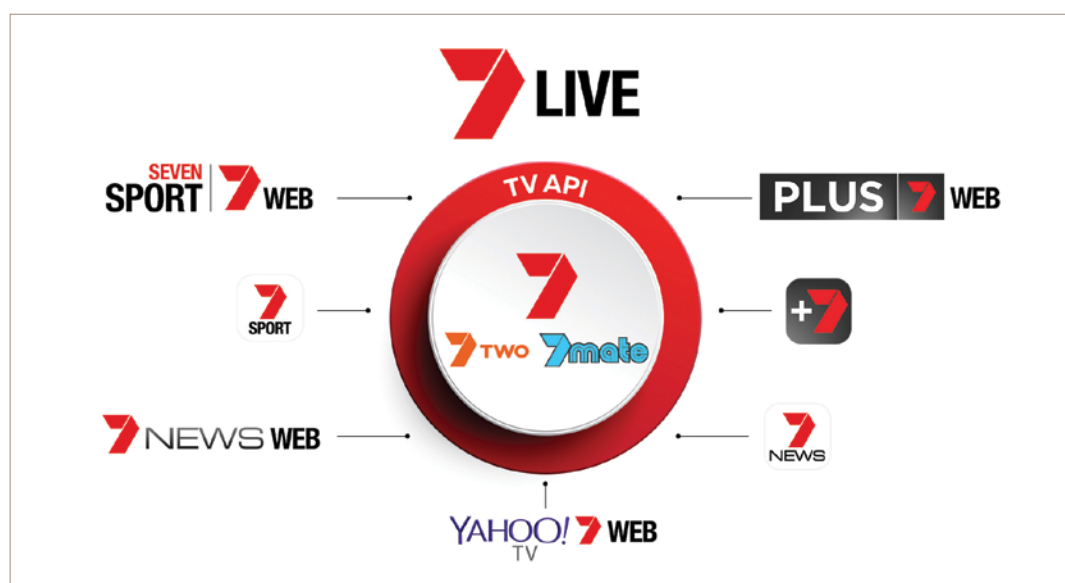
Television Future Development

The Seven Network extends beyond linear broadcast with new forms of delivery increasing the audience reach of our content. As the market evolves we are taking advantage of these new distribution platforms, providing our viewers access to consume the content they love anywhere, anytime and on any device. This delivers our advertising partners a broader range of opportunities to reach a wider audience. Our three primary objectives in the distribution of our content are: 1) maximise 'screen time' by making the content available everywhere; 2) own the content or secure all key rights; and 3) ensure we

can measure our audience engagement on any platform. The life cycle of our content is evolving and lengthening with a growing number of windows from live broadcast to live stream to AVOD (Advertising Video On Demand), Social and SVOD (Subscription Video On Demand). This provides us greater opportunities to monetise our content.

Developments this financial year include the launch of our new Hybrid Television service, which now has the full support of major manufacturers, and is gaining traction. Leveraging our new Tennis rights deal, we launched a world first with free live streaming of the Australian Open, providing users access to every court on any device. This served up over 4.1 million streams with 70 per cent of streams on mobile devices. Building on this success, Seven Network has launched '40 Days of Sport' delivering on any device live streaming Seven coverage of iconic sporting events including Royal Ascot, Wimbledon, The Davis Cup and FINA World Swimming Championships.

In addition to the advances around our content delivery we are also enhancing the sales systems that connect to our advertising partners. This financial year we have finalised the rollout of a new booking management system, which is an important first step in the establishment of our own programmatic trading platform. Significant work is underway with plans to offer programmatic buying options for the 2016 Olympics.



Leadership in Sports

Seven is continuing to dramatically expand its coverage of major sports across its three digital broadcast television channels and accelerate coverage across online, Hybrid TV, mobile and other emerging forms of content delivery.

Seven's commitment to an expanding presence in sports builds on the network's unprecedented new all rights agreement with the International Olympic Committee encompassing the Games of the XXXI Olympiad in Rio de Janeiro in 2016, the XXIII Olympic Winter Games in PyeongChang in 2018 and the Games of the XXXII Olympiad in Tokyo in 2020. Seven will also broadcast the 2016 Winter Youth Olympic Games in Lillehammer and the 2018 Summer Youth Olympic Games in Buenos Aires. Underlining this new partnership is an option which, if exercised, extends the rights to include the XXIV Olympic Winter Games in 2022 in Beijing and the XXXIII Olympic Games in 2024. Seven is also the network of the Paralympic Games in Rio in 2016 and the Commonwealth Games in 2018 to be held on the Gold Coast in Australia.

The Olympic Games promises to be a remarkable platform for Seven as we move forward as a media company, developing

new content and distribution models which will drive our future as Australia's leading integrated media business. Seven's coverage of the inaugural European Games in Baku this year joined Seven's agreements for the Olympic Games, Paralympic Games and Commonwealth Games on the Gold Coast, and builds on the company's long-term commitment to the National Football League, including the Super Bowl, The US Masters, Royal Ascot and Wimbledon as major international sports franchises for Seven.

Seven also has all-encompassing agreements for coverage of the Australian Football League Premiership Season, Finals Series, the Grand Final and Brownlow Medal, and the local Australian Rules Football competitions the West Australian Football League, the Victorian Football League and the South Australian National Football League, the Bathurst 12 Hour Endurance Race, all major horse racing events including the Sydney Easter Carnival, the Melbourne Spring Carnival and the Melbourne Cup Carnival, the Magic Millions, the Sydney-Hobart Yacht Race, all major Australian golf tournaments, including the Australian Open and the Australian Masters, the Stawell Gift, the New South Wales Shute Shield in Rugby, all major Iron Man and triathlon events, and all major tennis tournaments in Australia including The Australian Open and The Davis Cup.





Building on our dominant position in racing coverage, Racing Victoria and Seven have formed a partnership to showcase Victorian thoroughbred racing nationally through a new, dedicated free-to-air channel, which will be integrated with a suite of streaming and digital services at Racing.com. The new partnership allows Victorian thoroughbred racing to be viewed in every lounge room and streamed live and free online including tablets and mobiles via Racing.com.

Expanding our presence in sport, this financial year Seven West Media entered an agreement with ESPN to manage their television advertising sales in Australia. ESPN Australia is a multi-channel, multi-media line-up delivering a diverse portfolio of major global sporting events and properties. The partnership combines our leadership and ESPN's in major sports to deliver broadcast television, subscription television and digital audiences to our major marketing and advertising partners.



**We are committed
to journalism and
the telling of great
stories that matter
to our audiences.
Anywhere. Anytime.**



Performance of the Business | The West

The West

Connecting with our audience

Seven West Media in Western Australia has cemented itself as the dominant media company in the state, across print, television, online and radio.

The West Australian is closely integrated with Channel 7 Perth, creating the most powerful promotional platform in the market with a high level of community engagement. Newspaper trends in print advertising have been challenging, due to pressure from digital media as well as softer cyclical conditions in the local & national economy. Despite this, we continue to outperform our peers in terms of circulation, audience delivery and advertising.

The West Australian's audited circulation from Monday–Friday was 156,571 with The Weekend West's audited circulation at 257,528 (ABC audit twelve months average ending 30 June 2015). The average daily readership for Monday–Friday was 573,000 with The Weekend West at 616,000 (emmaTM conducted by Ipsos MediaCT, People 14+ for the 12 months ending June 2015). The West maintains its position as one of the strongest performing newspapers in the country. Over 1.7 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 12 months ending June 2015).

Financial Performance

Newspaper revenue declined 13.3 per cent to \$260.9 million while EBIT fell 27.7 per cent to \$51.7 million. Economic conditions in Western Australia's economy have remained soft over the last 12 months, particularly in retail sales, employment and auto sales, which are all key revenue categories for The West. These adverse cyclical conditions have impacted revenue in addition to the pressures from some of the structural challenges facing the newspaper industry. The newspaper division has maintained strong operating margins despite current revenue trends with an EBITDA margin of 28.1 per cent achieved during the financial year. Cost management continues to be a focus with operating costs down 4.8 per cent in the period. There is scope for further operational efficiencies from the rollout of Newsgate and the recent co-location of the newsrooms and this will be a target in the coming financial year.

Financial Performance: Newspapers

	FY15 \$m	FY14 \$m	Change %
Revenue			
Advertising	167.9	193.8	-13.3%
Circulation	61.6	66.5	-7.4%
Other	31.4	30.9	1.6%
Total Revenue	260.9	291.2	-10.4%
Costs			
Depreciation and amortisation	21.5	21.4	0.5%
Other costs	187.7	198.3	-5.3%
Total Costs	209.2	219.7	-4.8%
EBIT	51.7	71.5	-27.7%

News for West Australians anywhere, anytime

The West Australian is one of Australia's best performing news-media brands. Approximately three in four West Australians access the masthead each month across print and online. Both the Monday-Friday edition and the Weekend West deliver among the highest market penetration of any Australian major metropolitan newspaper and The West Australian's online site thewest.com.au is the leading Western Australian news site (Nielsen online ratings June 2015). The West is also leveraging social audiences to drive engagement with its social footprint approximately doubling in the last 12 months. Our circulation strategy continues to focus on maintaining The West's home delivery subscriber base and reducing customer churn through revised pricing and retention programs that reward subscriber loyalty.

The West completed its integration of Channel 7 Perth by co-locating offices and integrating news rooms during the year. Seven now broadcasts from a virtual-set studio with state-of-the-art facilities. In a fully integrated newsroom, the only one in Australia, we produce a daily newspaper, commercial TV news bulletins, a public affairs show, websites and other digital products – *The West Australian*, *The Weekend West*, thewest.com.au and Seven Perth's *News* and *Today Tonight*. The Editorial Production Centre sub edits 17 regional mastheads and produces 650 pages weekly.

This integrated news room will provide thewest.com.au greater access to video content, which we expect will play a large part in our digital strategy going forward. This new platform is fundamental to enhancing the digital delivery of the West, improving the editorial and publishing process allowing us to publish once and distribute to multiple devices. New growth opportunities in digital and events are key priorities for The West.

Seven West Media WA has developed a one-stop advertising option for businesses or organisations wanting to promote their goods and services. Clients are offered an array of media options incorporating metro and regional newspapers, television, digital, radio, Yahoo7 and Pacific Magazines titles. We provide full service to our existing clients and are attracting new clients.

As part of Seven West Media's community involvement, Telethon and the Christmas Pageant continue to be our marquee events. More than 60 other charities and organisations are assisted every year via our sponsorships and unsurpassed level of media support.

Management continues to remain focused on operating costs and the delivery of a product readers seek and trust, while it also seeks to evolve the traditional print business model to capitalise on changing consumer behaviour. A core pillar of the newspaper strategy is growing digital offerings be they in mobile, tablet or desktop – to deliver the best news experience for The West's readers.

Now in its 183rd year of publishing, The West Australian is the leading Monday to Saturday metro newspaper in Perth, and it drives its future into new forms of content delivery and continues to be an important part of the lives of all West Australians.



Our Magazine Brands

Our presence in magazine publishing is a key element in building our content and brands beyond broadcast television.



Total audience up

14%
year-on-year



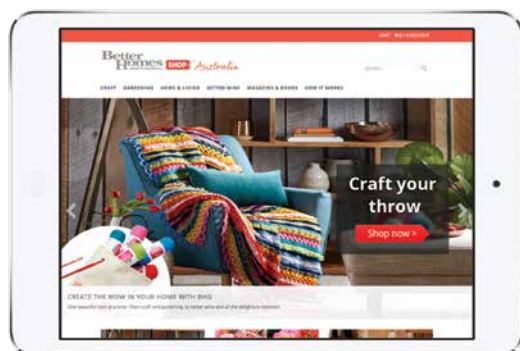
Every year Australians consume over 200 million magazines. We continue to rank amongst the highest consumers of magazines in the world.

Our magazines are big, powerful, highly-engaging, market-leading brands. Our objective is to build our magazine audiences through print, digital, social media and events. Our focus has been to create magazines for key categories, or 'passion points', establishing our brands as market leaders. This strategy is not about transitioning our business from print to digital. We seek to immerse our audience in their interests in order to create new revenue opportunities beyond publishing across e-commerce, services, brand extensions, events, and strategic partnerships.

Pacific Magazines accounts for 36 per cent of magazine circulation and 50 per cent of women's weekly magazines sold in Australia and our portfolio reaches 8.1 million Australians aged 14+ every month. Pacific Magazines continued to out-perform the overall consumer magazine market with overall advertising share growing to 31.5 per cent in FY15 versus 30.1 per cent in FY14, based on SMI data. Over the last 12 months to June 2015, overall readership and circulation share was at 30 per cent (33 per cent like for like) and 36 per cent (32 per cent and 35 per cent FY14) respectively. Digital editions have increased 134 per cent in copy sales on the prior year and our social network footprint continues to expand with more than seven million followers.

We out-perform the overall magazine market with the largest circulation share increase of any magazine publishing company over the past twelve months and have also increased our consumer magazine market advertising revenue share.

Pacific Magazines has delivered a robust revenue performance in trying conditions, improving its circulation and revenue market share as a result. Revenue in the magazines division declined 7.3 per cent to \$220.1 million versus the prior year, with an improvement in the rate of decline in circulation and advertising revenue contributing to the improved overall revenue trend. The rate of decline in advertising revenue slowed from 6.0 per cent in the 2014 financial year to 4.9 per cent in FY15 in line with management's expectations. Circulation revenue, was down 7.9 per cent (8.3 per cent down in FY14) impacted by soft retail sales, particularly from newsagencies. Digital revenues are growing strongly but off a low base. The continued focus on cost initiatives delivered an 8.0 per cent year-on-year reduction in total costs.



Our drive beyond publishing represents a clear strategy to immerse our brands around the interests of our audiences in order to create new opportunities across e-commerce, digital editions, brand extensions, apps, events, new brand launches and strategic partnerships.

Audience and engagement growing

Pacific is acknowledged as publishing one of Australia's most powerful portfolio of magazines, occupying the largest per title share of all major publishers. This reflects the continuing investment in our cornerstone brands and our highly successful partnerships with internationally regarded publishing companies including Groupe marie claire, Time Inc, Meredith and Rodale.

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

The portfolio of 17 measured titles in a market of approximately 100 titles combine to deliver the company an overall 36 per cent share of circulation and a 30 per cent share of readership.

Pacific's social media reach has grown 71 per cent year on year with over 7.2 million followers on Facebook, Instagram, Twitter, Pinterest and Tumblr.

Our flagship title, New Idea, is one of the top two highest-selling weekly magazines in Australia selling an average of 258,407 copies and reaching 1.8 million readers every week.

Better Homes and Gardens (BH&G) is the country's leading integrated media brand across television, publishing online, eCommerce and events. Better Homes & Gardens remains the most read paid consumer monthly magazine in Australia with a readership of 2.260 million readers every month and accounts for 90 minutes of primetime television every week as well as the highly popular BH&G live event series. BH&G successfully launched an eCommerce site in Feb-15 (BHGShop.com.au) which provides a further channel to monetise our audience.

Financial Performance: Magazines

	FY15 \$m	FY14 \$m	Change %
Revenue			
Circulation	142.2	154.4	-7.9%
Advertising	69.2	72.8	-4.9%
Other	8.7	10.3	-15.5%
Total Revenue	220.1	237.5	-7.3%
Costs			
Depreciation and amortisation	3.2	4.0	-20.0%
Other costs	196.6	213.1	-7.7%
Total Costs	199.8	217.1	-8.0%
EBIT	20.3	20.4	-0.5%

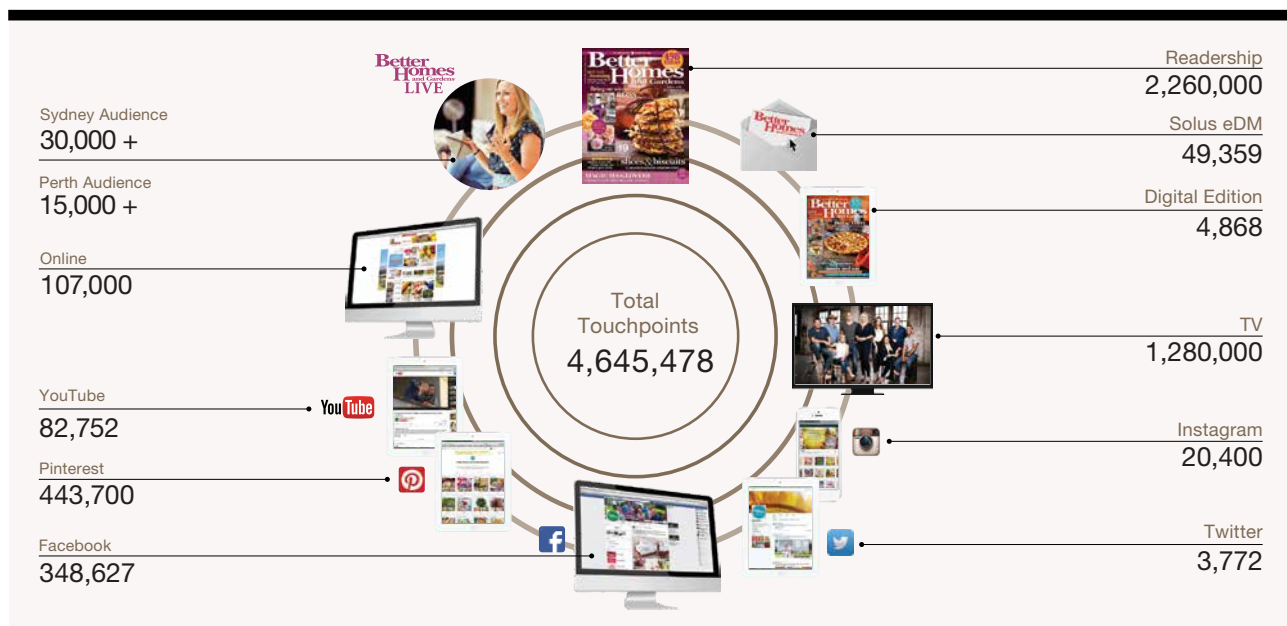
Growing new revenue streams

The integration of Pacific Magazines key titles with Seven Network programming is yielding strong results. Home Beautiful is out-performing the overall home and lifestyle category. Over the past six months, circulation is up 0.1 per cent period on period reflecting enhanced editorial and promotion and a highly successful integration with the number one renovation show in 2015, Seven's House Rules. New Idea, which was coupled with My Kitchen Rules and House Rules, has increased circulation share relative to Woman's Day (Aztec Data). The Australia: Story Of Us series, which aired on the Seven Network was transformed into a 4 part book series by Pacific Magazines which sold over 240,000 copies.

Other recent ventures include the successful launch of The Parcel in October 2014, a subscription beauty box business. Management is focused on seeking further opportunities to leverage the power of our brands and the reach of Seven West Media's assets to create new revenue opportunities.



Better Homes and Gardens is the country's leading integrated media brand across television, publishing, online and events.



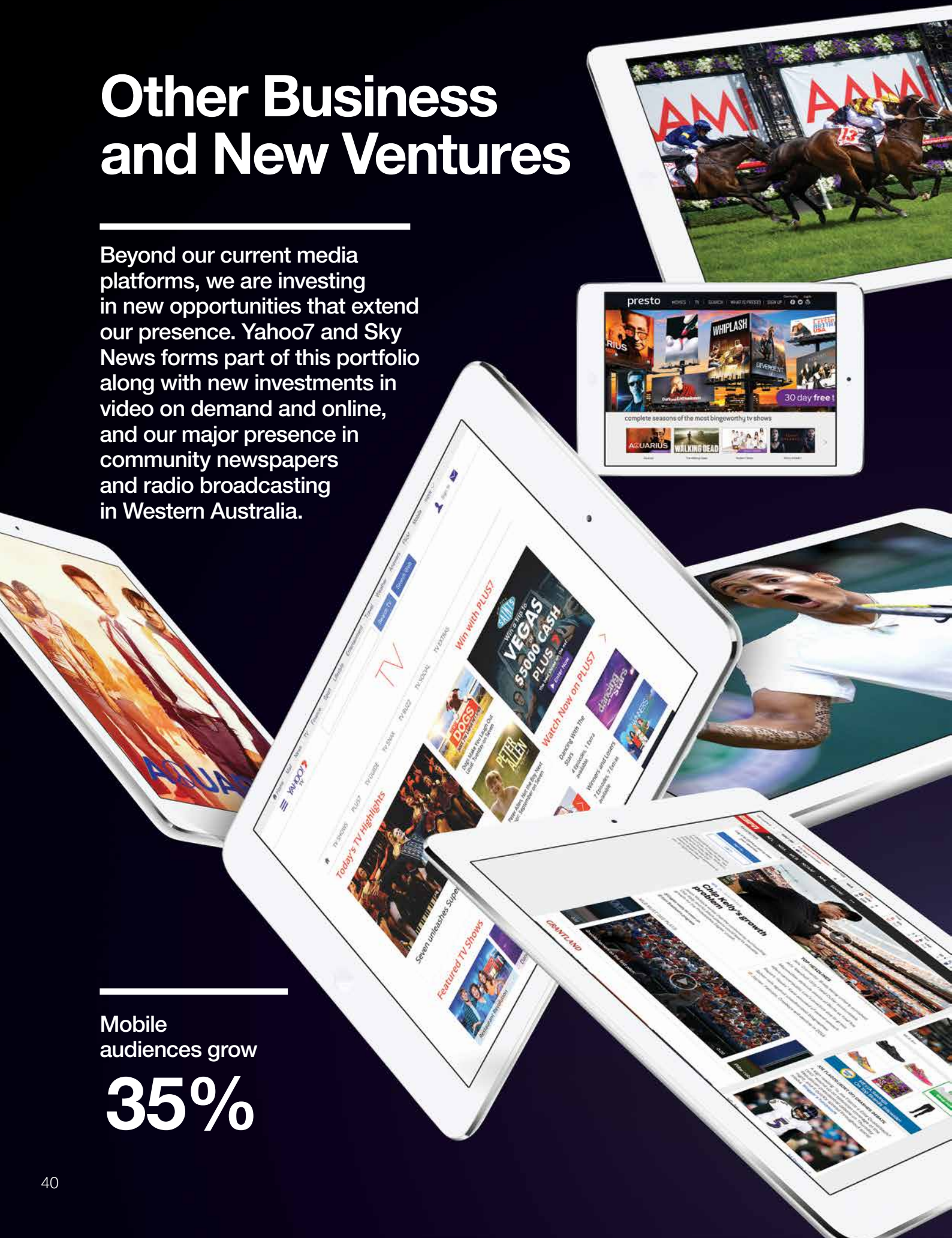
Source: OzTAM + RegTAM 2014; emma™ conducted by Ipsos MediaCT, 12 months ending June 2015; Nielsen NetView Hybrid. June 2015; Social media stats updated as of 2 Aug 2015; Users = UUs + Opt-in; Touchpoints = Duplicated multi-platform potential; ABC audit June 2015.

Other Business and New Ventures

Beyond our current media platforms, we are investing in new opportunities that extend our presence. Yahoo7 and Sky News forms part of this portfolio along with new investments in video on demand and online, and our major presence in community newspapers and radio broadcasting in Western Australia.

Mobile audiences grow

35%



Yahoo7 brings together the online assets of Yahoo Inc. and the content creation and marketing strengths of Seven West Media. Engagement has grown strongly with an average 3.1 million Daily Active Users (DAU), an increase of 9 per cent from the prior year average. Video streams over the period are up 15 per cent on the prior year to over 130 million, of which over 30 per cent were long-form content.

Mobile audiences have grown over 38 per cent in the past year to more than 1.4 million DAU on smartphone (up 38 per cent) and 0.4 million DAU (up 12 per cent) on tablets and Yahoo7 is continuing its development of device aware experiences across web, tablet and mobile, leveraging Yahoo's global technology. Yahoo7 secured its position in the top 4 Media Publishers ranked by Monthly Unique Audience.

The company has also dramatically expanded its PLUS7 catch-up TV offering. PLUS7 streams full episodes of Seven's most popular programmes every month – with around 320 hours of content each month from Seven, 7TWO and 7mate programmes. The PLUS7 mobile app now has 2.0 million downloads and PLUS7 has seen a 17 per cent increase in the number of full-episode streams versus the previous year.

The 2015 Summer of Tennis (which includes the Australian Open) was fully optimised for Digital and was a huge success. With over 4.1 million stream

starts, our audience was connected anywhere, anytime on any screen with 7Sport and across the Yahoo7 audience network.

Yahoo7 has delivered strong growth (+300% on 1H) in Native advertising, which is becoming an increasingly significant revenue category for the company across its own network and through monetising by providing access to 3rd party publishers. Native advertising leverages the ad tech platform developed by Yahoo Inc, which is recognised as one of the market leading platforms domestically.

Seven West Media has committed to investing in early stage businesses that it can use the power of its assets to help grow, or that provide a strategic benefit for the company. This year we have completed four investments Presto (Subscription Video On Demand), Nabo (local community social network), Society One (peer to peer lending platform), and Media Beach (News exchange platform). All of these businesses are in early stages of development, investing heavily in growth and therefore are not yet contributing any profit to the group.

Financial Performance

Other Business and New Ventures contributed EBIT of \$3.3 million, down 82.3 per cent compared to the prior year. This result was negatively impacted by investments in early stage businesses.

Financial Performance: Other Business and New Ventures

	FY15 \$m	FY14 \$m	Change %
Revenue			
Radio	9.9	10.5	-5.7%
Yahoo7 share of NPAT	11.1	12.0	-7.5%
Early stage investments share of losses	(12.7)	(1.3)	–
Other	5.3	6.1	-14.5%
Total Revenue	13.6	27.4	-50.4%
Costs			
Depreciation and amortisation	0.8	0.5	60.0%
Other costs	9.5	8.0	18.7%
Total Costs	10.3	8.5	21.2%
EBIT	3.3	18.9	-82.3%

Risk, Environment 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 which could impact achievement of the Company's strategic objectives (in no particular order).

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 refer to pages 57 to 59.

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 to our business activities on the communities and natural systems in which we operate. These include:

Environment

- We ensure that the paper we use is not from illegally logged timber.
- Our Magazines business purchases all paper as PEFC C-o-C 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 that have been grown for purpose.
- Paper waste from the newspaper printing process was 2.7 per cent during the year against an annual target of 2.8 per cent and all waste was recycled.
- In our newspaper businesses waste ink is collected and reprocessed, metal plates created during the printing process are recycled and plant waste water is processed and used as non-potable water on site.
- We have reduced greenhouse gas emissions and energy consumption across our television business by 2 per cent year-on-year while maintaining the same operating conditions.
- SWM donates or recycles 100 per cent of electronic IT assets through certified eCycling companies which reduces landfill by encouraging reuse and recycling of equipment.
- During the year, West Australian Newspapers voluntarily left the electricity grid and switched to generator power on 12 occasions so that the local community did not risk blackouts during hot weather.

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 and Planet Ark. This support scheme involves resources throughout the business from administration and scheduling through to broadcast.

Strategic

- Structural change
- Competition for key program rights
- Strategy execution

Operational

- Talent attraction and retention
- Health and safety
- Business interruption

Financial

- Advertising market conditions
- Broader economic conditions
- Asset impairment

Legal & Regulatory

- Regulatory change
- Compliance with legislation

Social responsibility

We are a part of Australian life

As a business, our objectives are clear.

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.

We are well-placed. We are recognised as one of Australia's leading media companies and we strive for success. And leadership.

But beyond these objectives is a broader, underlying commitment.

As part of the development of our business, we are committed to 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 extends beyond numbers. It underpins our businesses today and will define our business into the future. It is a simple commitment: to be 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 Australian War Memorial. In this, the 100th anniversary of the landing at Gallipoli, Seven West Media is proud to be supporting and working 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 20th year of our partnership with Art Exhibitions Australia which this year has brought to Melbourne a major exhibition: Masterpieces from the Hermitage, The Legacy of Catherine the Great.

These same values that underpin these partnerships drive our commitment to Telethon in Perth which raised \$25.7 million to fund medical research, the Good Friday Appeal in Melbourne which raised \$17.1 million to assist the Royal Children's Hospital in Melbourne and the Sydney Telethon which raised \$10.5 million to assist in the construction of a new facility for Ronald McDonald House at Westmead Children's Hospital in Sydney.

Beyond Sydney Telethon, we are a major supporter of the Children's Hospital at Westmead and a long-term partner of the Cancer Council, the 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.

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

While Telethon in Perth is a primary focus in that market, we continue to build a long and deep connection with the people of Western Australia with The Christmas Pageant and Skyshow. 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 Royal Adelaide Show, the Adelaide Festival of Arts, the Cabaret Festival, the Art Gallery of South Australia and the State Library of South Australia.

In Brisbane, 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 causes including the Morcombe Foundation, Child Protection Week, ACT for Kids, the Gallipoli Research Foundation and the RSPCA. We also continue to be a primary partner of the Queensland Library Foundation and the Gallery of Modern Art.

And in Melbourne, Adelaide and Perth, Seven broadcasts and is a partner in the development of "grassroots" football with the VFL, SANFL and WAFL. In Sydney, we are committed to local rugby with the Shute Shield.

All of these form part of an ongoing programme of funding and the allocation of marketing resources and the involvement of our people in connecting with and assisting our communities. Our role in these projects is not some corporate obligation. Our role 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.

The Future of Us

Matthew Mitcham delivered the highest single-dive score in Olympic history to win 10m platform gold at the 2008 Beijing Olympic Games. As a ten-year-old, Nathan Calman watched that moment on Seven. Now a talented Australian junior diving champion, Nathan dreams of competing at the Olympic Games in Tokyo. Join us on his journey as we head to 2020.





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 and industrial activities.

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

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

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

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, TWO and 7mate). In addition, he is also responsible for the company's publishing businesses West Australian Newspapers and Pacific Magazines. 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 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 \$140 million in funds under management recently launching its new 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 (www.giftvouchers.com), became the leading prepaid card and electronic voucher provider in Australia, servicing over 100 major retail brands including Coles Myer and Woolworths, managing \$700m in Australian retail liability and eventually expanding operations into the UK, South Africa and New Zealand. E Com was acquired by UK publicly listed company, Retail Decisions, in 2005. Prior to E Com, Dr Deaker was Managing Director of Networks Beyond 2000.

Dr Deaker serves on the Board of NICTA, Australia's National ICT Centre of Excellence. 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 also a member of the board of Ravenswood School for Girls, is on 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. Mr Evans has spent his working life in the world of investment banking and stockbroking. 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 has lived in Melbourne all his life, and finished his formal education in 1988 at Monash University.

Mr Evans is also a member of the Victorian Police Corporate Advisory Group, Board member of the State Library of Victoria and Director of The Shane Warne Foundation. He is 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 Chairman of Primary Opinion Limited and a Director of Equity Trustees Limited. He is currently Chairman of Open Windows Australia Proprietary Limited, Chairman of CT Management Group Pty Ltd, Chairman of Amtek Corporation Pty Ltd and Chairman of LEDified Lighting Corporation Pty Ltd.

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

Mr Kennett 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 ASX listed SpeedCast Limited and Superloop Limited and 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) and LLB from the University of Sydney and an AICD Diploma.

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

Ryan Stokes

Non-executive Director

Mr Ryan Stokes is a Director of Seven West Media Limited (SWM) which owns the Seven Network, The West Australian Newspaper, Pacific Magazines and 50% of Yahoo7.

Mr Stokes has been a Director of 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.

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

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 Pty Ltd.

Mr Stokes is Chief Executive Officer of Australian Capital Equity Pty Limited (ACE), being appointed an Executive Director in 2001 and CEO in April 2010. ACE is a private company with its primary investment being an interest in SGH.

Mr Stokes was a Director of Iron Ore Holdings Limited from 1 November 2011 to 7 October 2014. Between 10 September 2009 and 19 November 2012, Mr Stokes was a Director of Consolidated Media Holdings Limited.

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 is the former Chairman of Australia's National Youth Mental Health Foundation (Headspace), a Federal Government initiative established in 2006.

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 fifteen 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.

Corporate Governance Statement

For the Year Ended 27 June 2015

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 61 sets out the number of Board and Committee meetings held during the 2015 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 that 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.

New Director appointments during the year

During the year, the Board, with the assistance of the Remuneration & Nomination Committee, undertook a review of the Board's structure and composition, and appointed three additional Independent Directors: Ms Sheila McGregor, Mr Jeffrey Kennett AC and Mr Michael Malone. Mr Tim Worner, the Managing Director & Chief Executive Officer, was also appointed to the Board.

The Board considers that these appointments will add further depth and strength to the Board, and that each of these Directors will make a valuable contribution to the Company in terms of skills and experience.

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 a 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 a 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 the non-executive Deputy Chairman (during the period in which he was in office during this reporting period) and an Independent Director. Since the retirement and resignation of the Deputy Chairman, 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 page 68.

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, which evaluates performance against agreed performance goals and assessment criteria in relation to the senior executive's duties and material areas of responsibility, including management of relevant business units within budget, motivation and development of staff, and achievement of and contribution to the Company's objectives.

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.

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

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			•	

Unless otherwise stated, for the purpose of this section of the report employee numbers and statistics have been calculated based on employees who were paid in the final pay periods of June 2015. “Senior executive positions” refer to senior management positions which are levels one and two below the Managing Director & Chief Executive Officer.

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

The Company has continued to develop flexible work practices, regardless of gender, that assist employees to balance work with family, career or other responsibilities resulting in an overall increase in flexible working arrangements across the Group in 2015.

An executive development program, trialled with key women in the Group in the 2013 and 2014 financial years has been continued in the 2015 financial year.

An induction program for new managers which educates on responsibilities of managers and employees in equal employment opportunity has been successfully trialled ahead of broader rollout across the Group in 2016.

Annual succession planning initiatives

In 2015, 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 development of career development plans for employees who are identified as potential successors to critical roles.

Additionally, in 2015 the Group implemented a journalism cadet program in Television which included an extensive and rigorous recruitment process resulting in female representation in the cadet ranks of over 80%.

Employee turnover and parental leave return statistics

Employee Turnover by Gender

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

Women	Men
18%	9%

Employee Turnover by Age

(as a percentage of total turnover)

< 25 years	25 years – 34 years	35 years – 44 years	45 years – 54 years	> 55 years
14%	43%	20%	13%	11%

The percentage of employees who returned from parental leave during 2015 (as a percentage of the total number of employees whose parental leave entitlement ended during 2015) was 72%.

Proportion of women

	Number of women	Total number of employees/officers	Proportion of women
In the Company	2,871	5,574	52%
Key Management Personnel executives (as set out in section 2a of the remuneration report)	2	9	22%
In senior executive positions	17	54	31%
On the Board	2	10	20%

Additionally, the Company has posted its Workplace Gender Equality Act Public Report for 2014–2015* on its website, which contains the Company’s Gender Equality Indicators.

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 46 to 48.

Board independence

The Board currently 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.

During Mr Don Voelte AO's tenure as a Director during the reporting period, he was considered by the Board not to be independent due to his former executive positions of Managing Director & Chief Executive Officer of the Company and Managing Director & Chief Executive Officer of Seven Group Holdings Limited.

Due to his position as Managing Director & Chief Executive Officer, Mr Tim Worner is not considered to be independent.

Changes to the Board

There were a number of Board composition changes during the year:

- Mr Doug Flynn resigned as Director on 1 September 2014.
- Mr Graeme John AO resigned and retired at the end of Annual General Meeting held on 12 November 2014.
- Messrs Tim Worner, Jeff Kennett AC and Michael Malone and Ms Sheila McGregor were appointed as Directors on 24 June 2015.
- Mr Don Voelte AO retired and resigned on 24 June 2015.

At the commencement of the financial year until Mr Flynn's resignation, the Board comprised a majority of Independent Directors. From Mr Flynn's resignation on 1 September 2014 to Mr John's retirement and resignation on 12 November 2014 the Board comprised an equal number of Non-Independent and Independent Directors.

From Mr John's retirement and resignation on 12 November 2014 until 24 June 2015 when Messrs Worner, Kennett and Malone and Ms McGregor were appointed as Directors and Mr Voelte retired and resigned as a Director, the Board comprised a majority of non-Independent Directors. Following these appointments, the Board once again comprised a majority of Independent Directors.

The Board acknowledges the ASX Recommendation that a majority of the Board should be Independent Directors. However the Directors believe that, despite the Board not comprising a majority of Independent Directors during part of the financial year, the individual Directors objectively analysed the issues before them, in the best interests of all shareholders and in accordance with their duties as Directors.

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 in the creation and delivery of the Company's content to grow the Company's audiences across multiple delivery platforms whilst also increasing returns.
3. Identifying and investing in growth opportunities which leverage off our Company's brands and maximise the capabilities of our 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	100%
Government policy and relations	80%
Legal, regulation and compliance	80%
Risk management and audit	100%
OHS, human resource management and remuneration	90%

Whilst the composition of the Board varied throughout the reporting period due to retirements and resignations and appointments, the percentages of Directors assessed to be 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 Graeme John AO was a member of the Committee until his retirement on 12 November 2014.

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:

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

Mr Doug Flynn was a member of the Committee until his retirement on 1 September 2014.

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 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 and Chief Executive Officer and Chief Financial Officer have been given for the half year ended 27 December 2014 and the financial year ended 27 June 2015.

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.
- Review, at least annually, 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 its review and 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 break down 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 2015 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* that complies with Australian Standard ISO 31000:2009 and Principle 7 of the ASX Recommendations.

During the year the Company implemented enhanced risk profiling and reporting of key risks at the group and business level. 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. Each quarter 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. These policies 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. 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.

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. More detail concerning these risks, as well as the Company's sustainable business practices, is set out in the Performance of the Business (Operating and Financial Review) of this Annual Report on pages 42 to 43. Each of the foregoing material business risks is monitored and managed by appropriate Senior Management within the Company are delegated responsibility to manage or escalate issues to the Company's Senior Executive team. Where appropriate, external advisers are engaged to assist in managing the risk.

Principle 8 – Remunerate Fairly and Responsibly

Remuneration policy

The objective of the remuneration process 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 page 73. 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 ("KMP"). This process is summarised in the Remuneration Report on pages 64 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 KMP 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 19 August 2015.

Directors' Report

For the Year Ended 27 June 2015

Your 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 27 June 2015 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
DR Voelte AO	Deputy Chairman (resigned 24 June 2015)
JH Alexander	
Dr ME Deaker	
D Evans	
PJT Gammell	
JG Kennett AC	(appointed 24 June 2015)
M Malone	(appointed 24 June 2015)
SC McGregor	appointed 24 June 2015)
RK Stokes	
T Worner	Managing Director & Chief Executive Officer (appointed 24 June 2015)
DR Flynn	(resigned 1 September 2014)
GT John AO	(resigned 12 November 2014)
BI McWilliam	(Alternate Director to PJT Gammell, resigned 5 March 2015)

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. During the year the Company entered into a joint venture agreement with Foxtel to provide a subscription video on demand service (Presto); other than this 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, financial position, business strategies and prospects for future financial years has been included in the "Performance of the Business". The Performance of the Business 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 is provided to enable shareholders to make an informed assessment about the 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 2 March 2015, the ACCC approved the proposed joint venture between Foxtel and the Company to provide a subscription video on demand service (Presto TV). The joint venture agreement with Foxtel took effect from 15 May 2015 and the term is ongoing.
- On 29 April 2015, the Company announced its intention to hold a general meeting of shareholders on 2 June 2015 for the purposes of seeking shareholder approvals:
 - a. enabling the conversion of 2,500 Convertible Preference Shares, issued to a subsidiary company of Seven Group Holdings Limited, at an issue price of \$1.28 per share; and
 - b. a pro-rata non-renounceable entitlement offer, (2.27 for 3 ordinary shares) at an issue price of \$1.25 per share. Seven Group Holdings Limited did not participate in the entitlement offer.
- On 2 June 2015, the general meeting of shareholders was held, and both resolutions were passed by the requisite majority. The Company issued 248,553,896 ordinary shares under the pro-rata non-renounceable entitlement offer and 265,749,570 ordinary shares upon conversion of the Convertible Preference Shares.
- On 24 June 2015, Mr D.Voelte AO resigned as a Director of the Company and Messrs J.G. Kennett AC, M. Malone, T. Worner and Ms S.C. McGregor were appointed Directors of the Company.

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

Subsequent to year end the following events occurred:

- Seven West Media completed an amendment to its arrangements whereby the maturity date for all facilities has been extended by one year to October 2018.
- On 18th August 2015 Seven West Media signed a new six year agreement with the Australian Football League for seasons 2017–2022.

Meetings of directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 27 June 2015, 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
<i>Directors</i>						
KM Stokes AC	11	11	2	2	2	2
JH Alexander	11	11	–	–	3	3
Dr ME Deaker	11	11	6	6	3	3
D Evans	11	10	6	6	3	3
PJT Gammell	11	11	6	6	–	–
JG Kennett AC#	–	–	–	–	–	–
M Malone#	–	–	–	–	–	–
SC McGregor#	–	–	–	–	–	–
RK Stokes	11	11	4	4	3	3
T Worner#	9	9	5	5	3	3
DR Voelte AO~	11	11	5	5	3	3
DR Flynn*	1	1	2	2	–	–
GT John AO^	3	2	–	–	1	1
<i>Alternate director</i>						
BI McWilliam+	7	7	–	–	–	–

(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 which they are not a formal member, and in these instances, their attendance is also included above

* Resigned as Director 1 September 2014

^ Resigned as Director 12 November 2014

~ Resigned as Director 24 June 2015

Appointed Director 24 June 2015. T Worner attended prior meetings as CEO.

+ Resigned as Alternate Director 5 March 2015

Rights exercised and shares issued

During the financial year, 1,629,004 rights were issued over an equivalent number of unissued fully paid ordinary shares in the Company under the Seven West Media Equity Incentive Plan. During the financial year, 25,374 rights were exercised and 351,387 rights were forfeited.

Unissued shares under rights

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	1,132,642	1 September 2015
Seven West Media Equity Incentive Plan	1,133,929	1 September 2016
Seven West Media Equity Incentive Plan	1,629,004	1 September 2017
Long Term Incentive Plan – Chief Executive Officer of West Australian Newspapers	41,081	3 August 2015
	69,986	12 August 2016

None of the rights currently on issue entitle the holder to participate in any share issue.

There are no other unissued shares or interests under rights 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. Any other Executives who hold rights under the Seven West Media Performance Transitional Equity Grant are entered in the Register of Rights kept by the Company pursuant to Section 170 of the Corporations Act.

Dividends – Seven West Media Limited

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

	2015 \$'000	2014 \$'000
Final ordinary dividend for the year ended 28 June 2014 of 6 cents (2013 – 6 cents) per share paid on 10 October 2014	59,894	59,892
Interim ordinary dividend for the year ended 27 June 2015 of 6 cents (2014 – 6 cents) per share paid on 1 April 2015	59,890	59,893
	119,784	119,785

In addition to the dividends paid, since the end of the 2015 financial year the Directors have declared the payment of a final ordinary dividend of 4 cents per share, to be paid on 9 October 2015.

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

Set out in the table below are particulars of the relevant interests of each Director in shares and rights issued by the Company.

Director	Performance Rights	Number of ordinary shares
KM Stokes AC	–	619,753,734
JH Alexander	–	55,768
Dr ME Deaker	–	26,161
D Evans	–	927,803
PJT Gammell	–	329,216
JG Kennett AC	–	25,000
M Malone	–	–
SC McGregor	–	–
RK Stokes	–	240,466
T Worner	1,968,909	293,810

Remuneration report

A remuneration report is set out on the pages that follow (pages 64 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.

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.

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.

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.

Rounding of amounts

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

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



KM Stokes AC
Chairman

Sydney
19 August 2015

Remuneration Report

Message from the Remuneration & Nomination Committee

Dear Shareholder

Seven West Media is pleased to present its Remuneration Report for the 2015 financial year (FY15), which sets out remuneration information for Key Management Personnel and Non-Executive Directors.

Key developments

FY15 was a busy and exciting year for the Group. Content continues to be at the core of our business, and as the market for high quality content continues to grow Seven West Media is uniquely positioned to take advantage of that trend.

Consumers continue to seek that content is made available through our traditional broadcast and publishing channels. In addition, consumption of online content in the home and on the move is increasing. This trend is being fuelled by improvements to fixed and mobile networks and by the growth of highly capable mobile and tablet devices.

This insatiable demand coupled with an explosion in distribution options requires Seven West Media to make our content available wherever and whenever audiences want to consume it and we are delivering on that.

Our strategy is based on:

- 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.

We've maintained our leadership position in the Television business producing an advertising revenue share of 40%, a repeated and very strong performance in a highly competitive market. Our publishing assets continue to outperform the market even while we focus on adapting these businesses models to changing times. We have also continued our disciplined approach of prior years and delivered on challenging cost reduction programs, becoming leaner and more agile. This is exemplified by year on year cost reductions that have been achieved across the Television, Newspaper and Magazines businesses, in addition to an overall reduction in operating costs at all group level.

Through strong leadership we have reached several key milestones including the launch of Hybrid TV, the establishment of Presto, the Subscription Video on Demand joint venture with Foxtel, new digital investments plus the most extensive coverage of the Australian Open ever delivered over all platforms as a result of our new digital rights. And, we have secured rights to long term sports events such as the Olympic Games and the Commonwealth Games.

The media sector continues to experience rapid change and industry transformation driven by digitisation. The trend of declining revenue for traditional media segments continued, impacting earnings across the sector. Maintaining our leadership position and at the same time maintaining the pace of transforming the business is no easy task, but we are gaining momentum.

Executive remuneration outcomes

The Group delivered a strong EBIT result in a challenging market made possible through the performance of our people against the Group's strategy. The Television, Newspapers and Magazines businesses all met EBIT budget (excluding significant items). Due to the impact of early stage operating losses resulting from unbudgeted investments by the Group in future digital growth, being Presto, Health Engine and Nabo, the Group EBIT result (excluding significant items) was narrowly missed by 1.4%. Irrespective of this outcome, the FY15 Group EBIT result was the best recorded against budget for the Group in over four years. If not for the unbudgeted investments previously described (which are outside the budgets under the management of the individual executives other than the Managing Director & Chief Executive Officer (MD & CEO) and were made under the Board's discretion as future growth opportunities), the Group EBIT target would have been achieved. Whilst a very close result, the EBIT target set by the Board was not achieved and executive variable remuneration outcomes, which are dependent on the Company and Group's financial performance, were below target level in FY15. Although the MD & CEO delivered strong performance and inspiring leadership in FY15, in recognition of the EBIT target not being met, the MD & CEO elected not to be considered for an STI award in respect of FY15 performance.

While the Group's FY15 financial results and remuneration outcomes reflect the challenging operating environment, they should be held in context of the hard work and dedication of our people and their continued commitment to strengthening the cost base and competitive position of the Group over the long term and to the benefit of Seven West Media shareholders.

Group Executives

During the 2015 financial year (FY15), the Group's executive team comprised the following members:

TG Worner	Managing Director & Chief Executive Officer (Appointed 24 June 2015, Chief Executive Officer until 23 June 2015)
MJ Allibon	Group Executive, Human Resources
DJ Boorman	Group Chief Financial Officer (Resigned 5 January 2015)
KJ Burnette	Group Chief Revenue Officer
N Chan	Group Chief Operating Officer (Resigned 3 December 2014)
CR Dickens	Group Chief Digital Officer (Appointed 21 January 2015)
BC Fair	Group Chief – Corporate and Regulatory Affairs
WO Lynch	Acting Chief Financial Officer (Appointed 5 January 2015)
BI McWilliam	Commercial Director
CS Wharton	Chief Executive Officer, WA
P Zavec	Chief Executive Officer, Pacific Magazines (Appointed 3 December 2014)

Executive changes during the year

We welcome to our executive team Peter Zavec, Chief Executive Officer, Pacific Magazines from 3 December 2014, Warwick Lynch, Acting Chief Financial Officer from 5 January 2015 and Clive Dickens, Chief Digital Officer from 21 January 2015.

Leaving the executive team during the year was Nicholas Chan, Group Chief Operating Officer, on 3 December 2014 and David Boorman, Chief Financial Officer, on 5 January 2015.

Company Directors

During FY15 the Board of the Company comprised the following Non-Executive Directors:

KM Stokes AC	Chairman
DR Voelte AO	Deputy Chairman (Retired 24 June 2015)
JH Alexander	Director
D Evans	Director
Dr ME Deaker	Director
DR Flynn	Director (Retired 1 September 2014)
PJT Gammell	Director
GT John AO	Director (Retired 12 November 2014)
JG Kennett AC	Director (Appointed 24 June 2015)
M Malone	Director (Appointed 24 June 2015)
SC McGregor	Director (Appointed 24 June 2015)
RK Stokes	Director

Director changes during the year

Mr Douglas Flynn retired as a Non-Executive Director on 1 September 2014 and Mr Graeme John retired as a Non-Executive Director on 12 November 2014.

Remuneration and Nomination Committee

During FY15 the Remuneration & Nomination Committee comprised the following members:

JH Alexander (Chairman of the Committee)
D Evans
Dr ME Deaker
GT John AO (Retired 12 November 2014)
RK Stokes

Executive remuneration developments

The Committee completed a comprehensive review of the Group's executive remuneration framework in the 2012 and 2013 financial years, integrating and consolidating remuneration practices across the Group.

No further changes were made in FY15 and the Group continued to operate its Group short-term incentive and long-term incentive plans for executives.

Executive remuneration details

Details on the executive remuneration arrangements and the remuneration for FY15 are set out in this Remuneration Report. I invite you to read the FY15 Remuneration Report and look forward to answering any questions you may have at our 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. Remuneration strategy and policy

- a. Non-Executive Director remuneration framework
- b. Executive remuneration framework
 - i. Fixed remuneration
 - ii. Variable remuneration
 - a. Short-term incentive (STI) plan
 - b. Long-term incentive (LTI) plan
- c. Link between remuneration policy and Company performance

2. Remuneration in detail

- a. Amounts of remuneration
- b. Fixed and variable remuneration
- c. FY15 Executive remuneration outcomes

3. Key Management Personnel equity transactions and holdings

4. Service agreements

5. Services from remuneration consultants

1. Remuneration strategy and policy

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 the 2015 financial year (FY15) did not exceed the approved amount.

The fees for the year to 27 June 2015 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. 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 Board's objective 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 with the Company 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 which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles as well as employer contributions to superannuation funds.

ii. Variable remuneration

Variable remuneration comprises two elements:

- 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 subject to specific thresholds, deferred share rights; and
- 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.

Further details of the Company's STI and LTI plans in which all executives participate are set out on pages 67 to 71.

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, fifty per cent of the STI award may be deferred for up to three years (please refer to the 'STI deferral' section below).

The following diagram provides an overview of the STI plan.

STI plan



STI pool

The size of the STI pool available for distribution is based on the achievement of EBIT targets set by the Committee at the start of the financial year. Where business-unit EBIT targets are not met and no STI pool is accrued, the Committee has the discretion to consider other factors that may be relevant to determine the level of potential payment for participants. When this occurs, STI awards are made in cash.

STI opportunity

Each participant's STI opportunity for on-target performance is set out in the table below, expressed as a percentage of fixed remuneration. 'On-target' refers to the STI award opportunity for an executive who achieves successful performance against all KPIs.

On-target STI opportunity (as a percentage of fixed remuneration)

	Total STI
MD & CEO	50%
Other executives	25 – 50%

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

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 pool 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

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

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

Participant	Scorecard measures and weightings
MD & CEO	Individual scorecard measures are grouped into two categories – quantitative and qualitative measures. Individual measures include: – Company net profit after tax (NPAT) performance, – 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, – Company representation. Each individual measure is allocated a specific weighting such that the sum of the collective measures' weightings equals the relevant percentage of the participant's STI opportunity. For the MD & CEO, 75 per cent of his STI goals relate to quantitative measures.
Other Executives	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 in the television business, – circulation performance and market share for the magazine 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 goals relate to quantitative measures.

Performance measurement

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

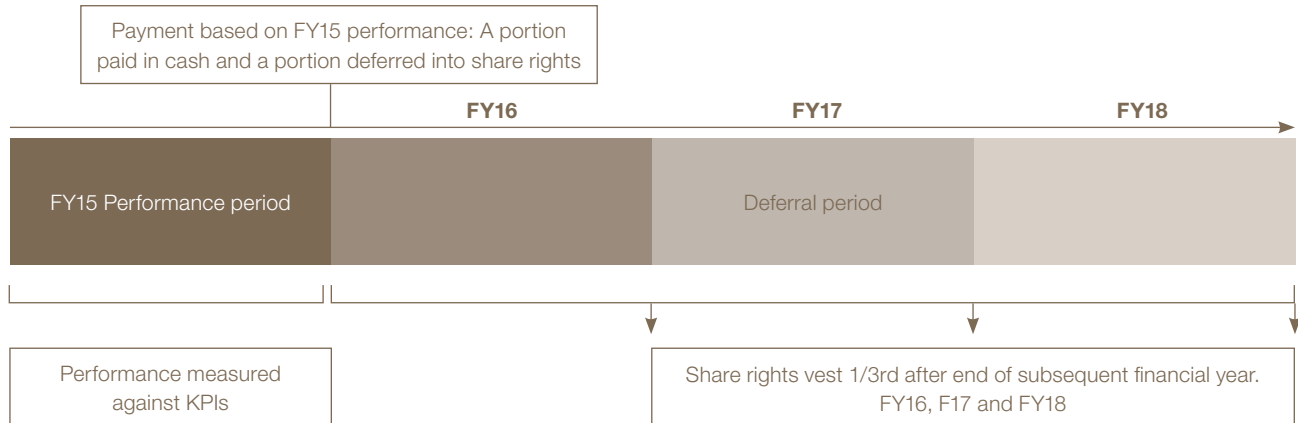
Based on each executive's individual performance rating, the MD & CEO may apply a discretionary adjustment during the performance assessment process. Discretionary adjustments are applicable to the overall STI award and are limited to a 25% increase to the overall award. The level of discretionary adjustment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

The Committee 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, fifty per cent of the 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 until the share rights have vested.

The following diagram is based on the FY15 performance period where a portion of the STI may be deferred into share rights once the awards amount reaches or exceeds on-target amount. No executive received an on-target STI award in FY15 and therefore no deferred share rights will be granted in respect of FY15 STI awards.



Long-term incentive plan

In FY15 executives were invited by the Board to participate in the LTI plan. The value of the LTI granted in FY15 to the then Chief Executive Officer (appointed MD & CEO on 24 June 2015) was equivalent to 50% of the CEO's fixed remuneration. The LTI grant to the Chief Executive Officer was approved by shareholders at the Company's Annual General Meeting on 12 November 2014. The value of the LTI granted in FY15 to the other executives was equivalent to 25% 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% of the CEO's fixed remuneration and for other executives is 25% 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 TSR.
Why was the DEPS performance hurdle chosen, and how is performance measured?	Half of the award is subject to a DEPS hurdle. DEPS provides a direct link between executive rewards with the creation of wealth driven through the increase in diluted earnings per share received by shareholders. The DEPS target that was used for the FY15 LTI grant is the sum of three annual DEPS growth targets each set by the Board for the three years (i.e., FY15, FY16 and FY17). The Board believes this is the appropriate way to assess the Company's performance as it reflects the performance expectations for each coming year, taking into account external market conditions and projected outlook. The DEPS target is set and communicated to executives at the beginning of the financial year and disclosed retrospectively the following financial year. The actual annual DEPS targets and performance against each target are disclosed retrospectively (i.e., in the following financial year). Diluted EPS is calculated by dividing the net profit or loss (for the reporting period) by the weighted average number of total ordinary shares in the Company plus the potential number of ordinary shares that may be on issue (for example, from conversion of the Company's Convertible Preference Shares). DEPS is the audited figure for diluted earnings per share as reported in the relevant Annual Report. The Board has discretion to make such adjustments to this figure for abnormal or unusual profit items as it considers appropriate.

Seven West Media long-term incentive plan

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

The Board believes that setting hurdles based on one-year projections better align to the interests of shareholders than setting a three-year DEPS target that may become unrealistic or insufficiently challenging as external market conditions change. The threshold DEPS target for FY15 is the budget DEPS for that financial year and the stretch DEPS hurdle is 10% growth on actual DEPS in the 2014 financial year (adjusted for significant items). The percentage of DEPS performance rights that vest (if any) at the end of the three-year performance period is based on the following schedule:

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

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

For FY15:

- the Threshold (budget) DEPS was 17.5 cents (excluding significant items);
- the Stretch DEPS was 22.1 cents (excluding significant items); and
- the actual DEPS for the year ending 27 June 2015 was (181.1) cents (16.0 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 at least at the median of the comparator group.

The comparator group chosen for assessing the Company's relative TSR consists of 15 S&P / ASX 200 companies above and 15 companies below the Company's 12-month average market capitalisation ranking, excluding trusts and companies classified under the Metals and Mining Global Industry Classification System (GICS). The Board believes the chosen comparator group is appropriate as it provides a comparison of relative shareholder returns that is relevant to most of the group's 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 has the discretion to determine any adjustment to the comparator group.

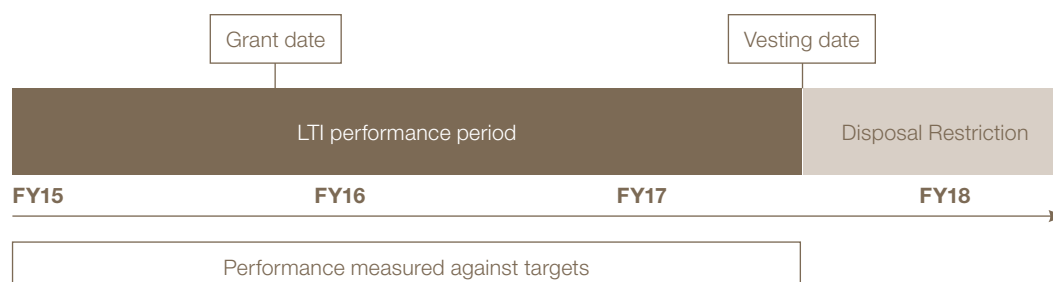
TSR performance is monitored and assessed by an independent advisor. The percentage of TSR performance rights that vest (if any) at the end of the three-year performance period will be based on the following schedule:

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

When will performance be tested?

Awards are subject to a three-year performance period. Immediately following the completion of the performance period, the performance hurdles are tested to determine whether, and to what extent, awards vest. The 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.

The following diagram summarises the timeline for grants made in FY15:



Seven West Media long-term incentive plan

Disposal restrictions on vested shares	As shown in the above diagram, 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.
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.

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

c. Link between remuneration policy and Group performance

In FY15, 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:

	2011	2012	2013	2014	2015
Profit before significant items ¹ , net finance costs and tax (EBIT) (\$'000's)	243,947	473,423	422,015	408,177	356,333
Net finance costs (\$'000's)	(44,037)	(148,240)	(102,452)	(77,788)	(60,709)
Significant items ¹ (\$'000's)	(26,380)	–	(294,933)	(87,040)	(2,122,791)
Profit before tax (\$'000's)	173,530	325,183	11,189	243,349	(1,827,167)
Diluted earnings per share (as reported) (cents) ²	34.9	26.4	(7.1)	12.6	(181.1)
Diluted earnings per share (excluding significant items) ¹ (cents)	42.9	26.4	19.6	19.9	16.0
Dividend per share (cents)	29.0	45.0	45.0	12.0	12.0
Share price as at reporting date (\$)	4.00	1.75	1.90	1.89	1.05
Return on capital employed (%)	4.81	10.26	9.54	9.70	16.20

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.

2. Remuneration in detail

a. Amounts of remuneration

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

The KMP have authority and responsibility for planning, directing and controlling the activities of the Group. For the year ended 27 June 2015, KMP includes the directors of Seven West Media Limited, the MD & CEO, and certain executives that report directly to the MD & CEO. The remuneration disclosed for the executives of Seven West Media reflects their remuneration for the period that they were considered to be KMP.

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

TG Worner	Managing Director & Chief Executive Officer (Appointed 24 June 2015, Chief Executive Officer until 23 June 2015)
MJ Allibon	Group Executive, Human Resources
DJ Boorman	Group Chief Financial Officer (Resigned 5 January 2015)
KJ Burnette	Group Chief Revenue Officer
N Chan	Group Chief Operating Officer (Resigned 3 December 2014)
CR Dickens	Group Chief Digital Officer (Appointed 21 January 2015)
BC Fair	Group Chief – Corporate and Regulatory Affairs
WO Lynch	Acting Chief Financial Officer (Appointed 5 January 2015)
BI McWilliam	Commercial Director
CS Wharton	Chief Executive Officer, WA
P Zavec	Chief Executive Officer, Pacific Magazines (Appointed 3 December 2014)

Directors, whose remuneration has been disclosed in this report are:

KM Stokes AC	Chairman
DR Voelte AO	Deputy Chairman (Retired 24 June 2015)
JH Alexander	Director
D Evans	Director
Dr ME Deaker	Director
DR Flynn	Director (Retired 1 September 2014)
PJT Gammell	Director
GT John AO	Director (Retired 12 November 2014)
JG Kennett AC	Director (Appointed 24 June 2015)
M Malone	Director (Appointed 24 June 2015)
SC McGregor	Director (Appointed 24 June 2015)
RK Stokes	Director

KMP	Year	Short-term benefits					Post-employment benefits		Other long-term benefits		Termination benefits		Share-Based payments		Remuneration performance related	%	
		Cash salary and fees		Cash bonus & incentives ^{2,3}	Non-monetary benefits ¹	Superannuation	Long service leave and annual leave	Termination benefits	Rights	Total							
		\$	\$	\$	\$	\$	\$	\$	\$	\$							
Non-executive directors of the Company																	
KM Stokes AC – Chairman	2015	316,217	-	-	-	18,783	-	-	-	-	-	-	-	335,000	-	-	
	2014	317,225	-	-	-	17,775	-	-	-	-	-	-	-	335,000	-	-	
DR Voelte AO – Deputy Chairman (retired 24 June 2015)	2015	231,217	-	-	-	18,783	-	-	-	-	-	-	-	250,000	-	-	
	2014	232,225	-	-	-	17,775	-	-	-	-	-	-	-	250,000	-	-	
JH Alexander	2015	141,553	-	-	-	13,447	-	-	-	-	-	-	-	155,000	-	-	
	2014	138,826	-	-	-	12,841	-	-	-	-	-	-	-	151,667	-	-	
Dr ME Deaker	2015	159,000	-	-	-	-	-	-	-	-	-	-	-	159,000	-	-	
	2014	159,000	-	-	-	-	-	-	-	-	-	-	-	159,000	-	-	
D Evans ⁵	2015	156,164	-	-	-	14,836	-	-	-	-	-	-	-	171,000	-	-	
	2014	149,361	-	-	-	14,189	-	-	-	-	-	-	-	163,550	-	-	
DR Flynn (retired 1 September 2014)	2015	22,679	-	-	-	2,155	-	-	-	-	-	-	-	24,834	-	-	
	2014	147,368	-	-	-	13,632	-	-	-	-	-	-	-	161,000	-	-	
PJT Gammell	2015	136,073	-	-	-	12,927	-	-	-	-	-	-	-	149,000	-	-	
	2014	136,384	-	-	-	12,616	-	-	-	-	-	-	-	149,000	-	-	
GT John AO (retired 12 November 2014)	2015	48,554	-	-	-	4,193	-	-	-	-	-	-	-	52,747	-	-	
	2014	132,723	-	-	-	12,277	-	-	-	-	-	-	-	145,000	-	-	
M Malone ⁴ (appointed 24 June 2015)	2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
SC McGregor ⁴ (appointed 24 June 2015)	2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
JG Kennett AC ⁴ (appointed 24 June 2015)	2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
RK Stokes	2015	132,420	-	-	-	12,580	-	-	-	-	-	-	-	145,000	-	-	
	2014	132,723	-	-	-	12,277	-	-	-	-	-	-	-	145,000	-	-	
Executive director of the Company																	
TG Worner (CEO until 23 June 2015, appointed MD & CEO 24 June 2015)	2015	2,581,217	-	21,866	18,783	13,328	-	409,657	3,134,554	-	-	-	-	3,134,554	-	-	
	2014	2,582,225	650,000	23,240	17,775	(43,908)	-	307,545	3,536,877	-	-	-	-	3,536,877	18	-	

KMP	Year	Short-term benefits			Post-employment benefits		Other long-term benefits		Termination benefits		Share-Based payments		Remuneration performance related		
		Cash salary and fees	Cash bonus & incentives ^{2,3}	Non-monetary benefits ⁴	Superannuation	Long service leave and annual leave	Termination benefits	Rights	Total	\$	%				
Key management personnel of the Group															
MJ Allibon ⁶	2015	374,967	50,000	4,344	18,783	8,078	-	20,128	476,300	10					
	2014	236,970	90,000	-	17,775	(1,211)	-	22,935	366,469	25					
DJ Boorman ⁷ (resigned 5 January 2015)	2015	389,647	-	-	19,584	7,724	400,000	(32,764)	784,191	-					
	2014	721,712	160,000	4,241	17,775	8,813	-	32,764	945,305	17					
KJ Burnette	2015	1,193,717	250,000	25,435	18,783	11,175	-	105,743	1,604,853	16					
	2014	1,193,558	490,000	39,161	17,775	59,990	-	80,781	1,881,265	26					
N Chan ⁸ (resigned 3 December 2014)	2015	385,179	-	7,698	16,002	4,961	1,141,691	(140,760)	1,414,771	-					
	2014	803,866	240,000	42,271	17,775	132	-	63,431	1,167,475	21					
CR Dickens (appointed 21 January 2015)	2015	237,402	60,000	-	9,392	8,334	-	6,381	321,509	19					
	2014	-	-	-	-	-	-	-	-	-					
BC Fair	2015	531,217	50,000	17,451	18,783	32,301	-	20,488	670,240	7					
	2014	482,225	80,000	24,563	17,775	32,161	-	21,843	658,567	12					
WO Lynch (appointed as KMP 5 January 2015)	2015	310,826	75,000	5,155	9,249	32,301	-	-	432,531	17					
	2014	-	-	-	-	-	-	-	-	-					
BI McWilliam ⁶	2015	806,217	150,000	4,409	18,783	22,564	-	116,673	1,118,646	13					
	2014	807,225	250,000	3,747	17,775	69,103	-	83,421	1,231,271	20					
CS Wharton	2015	925,149	125,000	80,147	18,783	5,118	-	106,067	1,260,264	10					
	2014	926,157	200,000	78,678	17,775	5,118	-	75,838	1,303,566	15					
P Zavec (appointed as KMP 3 December 2014)	2015	333,313	75,000	19,149	10,821	3,802	-	9,177	451,262	17					
	2014	-	-	-	-	-	-	-	-	-					
Total KMP	2015	9,412,728	835,000	185,654	275,450	149,686	1,541,691	620,790	13,020,999	-					
Total KMP	2014	9,299,773	2,160,000	215,901	255,582	130,198	-	688,558	12,750,012	-					

- Provision of a motor vehicle and/or other benefits.
- STI award for 2014 being a percentage of the on-target STI award opportunity.
- STI award for 2015 being a percentage of the on-target STI award opportunity.
- Non-executive director appointments occurred on 24 June 2015 and as such no remuneration was payable for the year ended 27 June 2015.
- 2014 remuneration for D Evans has been restated from \$166,667 to \$163,550 due to back payment of Audit Chair fees relating to 2014 but paid in 2015.
- 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.
- Remuneration paid to DJ Boorman during the period of his notice of termination.
- Comprised of remuneration paid to N Chan during the period of his notice of termination of \$310,000 and a 12 month non-compete payment of \$831,691.

b. Fixed and variable remuneration

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

Name	Fixed remuneration		At risk – STI (on-target)		At risk – LTI	
	2015	2014	2015	2014	2015	2014
TG Worner	50%	50%	25%	25%	25%	25%
MJ Allibon	57%	67%	29%	16.5%	14%	16.5%
DJ Boorman	57%	67%	29%	16.5%	14%	16.5%
KJ Burnette	57%	57%	29%	29%	14%	14%
N Chan	57%	57%	29%	29%	14%	14%
CR Dickens ¹	57%	NA	29%	NA	14%	NA
BC Fair	57%	67%	29%	16.5%	14%	16.5%
WO Lynch ²	80%	NA	20%	NA	0%	NA
BI McWilliam	57%	67%	29%	16.5%	14%	16.5%
CS Wharton	57%	57%	29%	29%	14%	14%
P Zavec ³	57%	NA	29%	NA	14%	NA

1. CR Dickens commenced employment and as KMP on 21 January 2015.

2. WO Lynch was appointed as KMP on 5 January 2015

3. P Zavec was appointed as KMP on 3 December 2014.

Further information on remuneration of Directors and other Key Management Personnel is set out in the Corporate Governance Statement.

c. FY15 Executive remuneration outcomes

The Group delivered a very strong FY15 EBIT performance made possible through the performance of our lead executives and employees. Although the Television, Magazines and Newspapers divisions delivered their EBIT targets, the Group's EBIT performance narrowly missed the target set by the Board and therefore an STI pool for FY15 was not automatically created under the terms and conditions of the STI plan.

Under the terms and conditions of the STI plan, where the EBIT target is not met, the Committee retains discretion to consider other factors that may be relevant to determine whether an STI pool is provided. The intention of the Board and the Committee is to use this discretion where it is considered appropriate for linking remuneration reward outcomes to Company performance including to prevent any inappropriate reward outcomes.

In FY15, the Committee exercised its discretion to award a reduced STI pool. The pool made available for executives was 20.4% of the on-target award which the Committee considers is a conservative outcome given the performance of the senior executive team.

The factors considered by the Committee in making its determination to award a reduced STI pool include:

EBIT(excluding significant items)	The Television, Newspapers and Magazines business all met EBIT budget. The Group EBIT result was missed by 1.4%, impacted by early stage operating losses relating to unbudgeted investments by the Group in future digital growth being Presto, Health Engine and Nabu. This was the best EBIT result against budget for the Group in over four years. If not for these unbudgeted investments (which are outside the budgets under the management of the individual executives other than the MD & CEO and were made under the Board's discretion as future growth opportunities), the Group EBIT target would have been achieved. These near term investments are aligned with the Group's communicated strategy in driving business growth through building new, digital businesses that are expected to deliver shareholder wealth benefits over time.
NPAT (excluding significant items)	The underlying net profit outcome of the Company exceeded budget

Ratings	Seven is number one in All People and key demographics for the first half of the ratings year (January to June 2015, 6pm to midnight) in both the ratings period and in weeks 1 to 26, winning 17 out of 18 survey weeks. The 6 months to June 2015 represented Seven's biggest gap over Nine since 2011 – in total people and every key demographic. Seven led Nine by nearly 3 points for the first half of the 2015 calendar year. 7TWO and 7mate achieved their largest shares ever in FY15. My Kitchen Rules season 6 was the highest rating regular program of the year, with an average national audience of 2.4 million. These performance highlights link to the Group's communicated strategy in delivering shareholder wealth by maintaining leadership in its businesses and where possible establishing this position through content that Seven either owns or controls.
Revenue	A 40% revenue share for FY15 was achieved. A new tennis rights contract commenced in 2015 including FTA audience growth and monetisation of tennis digital rights across Plus7 desktop/mobile/tablet achieving 4.1 million streams. Program sales show double digital growth for the second year in a row.
Costs	Group operating costs were down year on year by 2.4% or \$35.2 million. TV costs were down by 1.2% or \$11.6 million despite tennis rights increase. Newspaper costs were down by 4.8%. Magazine costs were down by 8%. These results are held consistent with the Group's communicated strategy to redefine its operating model to a leaner and more agile structure that is quick to adapt to changes in Seven's operating environment, and which is aimed to deliver better investment returns for Company shareholders.

Individual STI award outcomes

Individual STI awards of between zero and fifty per cent of the on-target incentives will be made to executives under the STI plan in respect of FY15 performance. Whilst the MD & CEO delivered strong performance and inspiring leadership in FY15, in recognition of the EBIT target not being met, the MD & CEO elected not to be considered for an STI award in respect of FY15 performance.

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 key performance indicators, which were determined on an individual basis consistent with key operational and strategic objectives of the Company, as determined by the Board.

Key performance indicators upon which executive performance were determined are summarised below.

Measure	Performance
NPAT(excluding significant items)	101% of budgeted NPAT target achieved.
Strategy execution	The Group achieved key objectives on a broad range of strategic initiatives in FY15, building on earlier foundations. The strategy is based on three pillars: Maintain Leadership, Redefine the operating model and Fuel new growth. Maintain Leadership: Seven is the leading TV network by revenue and audience and the Group has maintained its position as the largest commercial producer of Australian TV content. The West Australian newspaper continues to lead in Western Australia, delivering strong operating margins and Pacific Magazines business increased its share of advertising revenue in FY15. Redefine the operating model: the Group has made progress in driving efficiencies and simplification of our operating model resulting in further cost savings. A significant highlight of this program was the integration of Seven Perth and West Australian newsrooms which is delivering significant benefits in terms of content and efficiencies to both the TV and newspapers divisions. Fuel new growth: the Group has continued to utilise its content and audience to build new revenue streams and has continued its momentum with significant delivery in the digital space. Highlights include the launch of Presto Entertainment subscription video on demand service joint venture with Foxtel, delivery of growth in overseas content sales and continued commissioning momentum for overseas content joint ventures 7Wonder and 7Beyond, securing the right to represent domestic ESPN advertising sales, growing the monetisation of sports rights beyond traditional broadcast, with the Australian Open Tennis digital app achieving 4.1 million streams across desktops, mobiles and tablets, developing the RED Events business and launching two ecommerce businesses "Better Homes and Gardens Shop" and a subscription business "The Parcel".
Leadership in revenue	Revenue share target of 40% was achieved.
Leadership in ratings	Achievement of TV ratings targets in All People.
Cost targets	Group costs targets were achieved, down by \$35.2 million (2.4% reduction).
Operational, people and external relations goals	Achievement of key objectives around people management, management of external relationships, and implementation of operational and business improvement plans.

The table below outlines the STI award outcomes for each executive in FY15.

Executive	% of on-target FY15 STI paid in cash	% of on-target FY15 STI forfeited	Portion of FY15 STI deferred into share rights
MD & CEO – Tim Worner	0	100	0%
Group Executive, Human Resources – Melanie J Allibon	19	81	0%
Group Chief Financial Officer – David Boorman	0	100	0%
Group Chief Revenue Officer – Kurt Burnette	40	60	0%
Group Chief Operating Officer – Nicholas Chan	0	100	0%
Group Chief Digital Officer – Clive Dickens	50	50	0%
Group Chief – Corporate and Regulatory Affairs – Bridget Fair	18	82	0%
Acting Chief Financial Officer – Warwick Lynch	46	54	0%
Commercial Director – Bruce McWilliam	27	73	0%
Chief Executive Officer WA – Chris Wharton	25	75	0%
Chief Executive Officer, Pacific Magazines – Peter Zavec	25	75	0%

The remuneration table in section 2.a. contains a comparison to 2014 financial year incentive payments.

3. Key Management Personnel equity transactions and holdings

a. Equity granted as remuneration

As described above in section 1.b.ii, 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.

Long-term incentive plan

FY15 grants

Details of vesting profiles of the performance rights granted as remuneration in FY15 to each executive of the Group under its LTI plan are detailed below. Further details about the LTI plan are included at section 1.b.ii of the Remuneration Report.

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 FY15	% forfeited in FY15	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
BC Fair	88,141	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
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 Zavec	55,769	15 June 2015	1 September 2017	\$0.11	\$0.88	–	–	June 2018

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.

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 FY15	% forfeited in FY15	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
DJ Boorman	89,286	2 June 2014	1 September 2016	\$0.60	\$1.62	–	100	June 2017
KJ Burnette	142,857	2 June 2014	1 September 2016	\$0.60	\$1.62	–	–	June 2017
N Chan	107,143	2 June 2014	1 September 2016	\$0.60	\$1.62	–	100	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	–	–	June 2016
KJ Burnette	182,231	1 March 2013	1 September 2015	\$0.93	\$2.07	–	–	June 2016
N Chan	154,958	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	–	–	June 2016
CS Wharton	206,611	1 March 2013	1 September 2015	\$0.93	\$2.07	–	–	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 FY15, or in prior years, to executives under the STI plan.

Legacy equity holdings

Prior to the 2013 financial year, the Company offered equity plans for executives in which some unvested awards remain on-foot. The operation of the equity plans has otherwise been discontinued. Details of these plans are as follows:

Seven Media Group Performance Management Plan transitional equity grant

A grant of share rights was provided for selected former Seven Media Group executives during their transitioning onto the Seven West Media arrangements in lieu of a 2011 financial year LTI grant. The grant of share rights vest over three years with the hurdle being that the executive remains employed within the Group.

Details of vesting profiles of the share rights that remain on-foot to each executive of the Group are detailed below.

Executive	Number of share rights	Grant Date	Expiry date	Fair value per right at grant date (\$)	Number of rights vested during FY15	% forfeited in FY15	Financial year in which grant may vest
TG Worner	25,374	1 March 2012	1 October 2014	\$2.79	25,374	–	June 2015

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

LTI Plan – CEO of WA

An LTI plan was in place for the CEO of WA, 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. From the 2013 financial year CS Wharton was transitioned to the Seven West Media LTI plan.

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

Executive	Number of share rights	Grant Date	Expiry date	Fair value per right at grant date (\$)	Number of rights vested during FY15	% forfeited in FY15	Financial year in which grant may vest
CS Wharton ¹	41,081	3 August 2010	3 August 2015	\$4.95	–	–	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 maximum possible total value of each grant assuming all vesting conditions are met is calculated as the number of share rights times the fair value. If all vesting conditions are met, this will be received by the executive in the year of vesting. The minimum possible total value is nil where the vesting conditions are not met.

The remaining awards will vest in accordance with the TSR hurdles outlined below. The Company performed the 3 year test on CS Wharton's 3 August 2010 performance rights as at 3 August 2013 and determined that 0% of the performance rights vested at the first test. The Company performed the 4 year test on CS Wharton's 3 August 2010 performance rights as at 3 August 2014 and determined that 0% of the performance rights vested at the second test.

LTI – CEO of WA vesting conditions

How is TSR performance measured?	The TSR of the Company is measured as a percentile ranking compared to a comparator group of companies over the performance period (from grant date to test date). Awards vest based on the ranking against companies in the comparator group, based on the following schedule: <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>	Company's TSR ranking in the comparator group	Proportion of performance rights vesting	Below the 50th percentile	Nil	At the 50th percentile	50%	Between the 50th and 75th percentiles	Between 50% and 100%, increasing on a straight-line basis	At the 75th percentile	100%	Between the 75th and 100th percentiles	Between 100% and 150%, increasing on a straight-line basis	At the 100th percentile	150%
Company's TSR ranking in the comparator group	Proportion of performance rights vesting														
Below the 50th percentile	Nil														
At the 50th percentile	50%														
Between the 50th and 75th percentiles	Between 50% and 100%, increasing on a straight-line basis														
At the 75th percentile	100%														
Between the 75th and 100th percentiles	Between 100% and 150%, increasing on a straight-line basis														
At the 100th percentile	150%														
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.														

b. Total performance right holdings

Details of performance rights and share rights in the Company held by each Director and other Key Management Personnel are described above in section 3.a of the Remuneration Report. 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.

2015	Balance at start of the year	Rights granted as remuneration	Exercised	Expired or Forfeited	Balance at the end of the year ³
TG Worner	1,160,950	833,333	(25,374)	–	1,968,909
MJ Allibon	62,500	84,134	–	–	146,634
DJ Boorman	89,286	–	–	(89,286)	–
KJ Burnette	325,088	192,307	–	–	517,395
N Chan	262,101	–	–	(262,101)	–
CR Dickens ¹	–	38,782	–	–	38,782
BC Fair	59,524	88,141	–	–	147,665
BI McWilliam	358,224	176,282	–	–	534,506
CS Wharton	436,726	160,256	–	–	596,982
P Zavec ²	–	55,769	–	–	55,769

1. Details for CR Dickens are as at 21 January 2015 when he commenced as KMP.

2. Details for P Zavec are as at 3 December 2014 when he commenced as KMP

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

c. Equity holdings and transactions

The number of ordinary shares and convertible preference 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.

2015	Balance at start of the year	Shares granted as compensation	Purchases and other changes during the year	Balance at the end of the year
Directors of the Company				
<i>Ordinary Shares:</i>				
KM Stokes AC	353,555,298	–	266,198,436	619,753,734
DR Voelte AO ¹	150,638	–	–	150,638
JH Alexander	–	–	55,768	55,768
Dr ME Deaker	14,892	–	11,269	26,161
D Evans	528,160	–	399,643	927,803
DR Flynn ²	78,578	–	–	78,578
PJT Gammell	187,407	–	141,807	329,214
GT John AO ³	103,804	–	–	103,804
JG Kennett AC	25,000	–	–	25,000
M Malone	–	–	–	–
SC McGregor	–	–	–	–
RK Stokes	136,887	–	103,579	240,466
<i>Convertible Preference Shares:</i>				
KM Stokes AC	2,500	–	(2,500)	–
Executive director of the Company				
<i>Ordinary Shares:</i>				
TG Worner ⁴	268,436	25,374	–	293,810
Key Management Personnel of the Group				
<i>Ordinary Shares:</i>				
MJ Allibon	2,901	–	4,092	6,993
DJ Boorman ⁵	–	–	–	–
KJ Burnette	8,765	–	–	8,765
N Chan ⁶	30,000	–	–	30,000
CR Dickens ⁷	–	–	–	–
BC Fair	7,484	–	–	7,484
WO Lynch ⁸	–	–	–	–
BI McWilliam	611,044	–	–	611,044
CS Wharton	89,494	–	4,092	93,586
P Zavec ⁹	50,363	–	–	50,363

1. Details for DR Voelte are as at 24 June 2015 when he ceased to be KMP.

2. Details for DR Flynn are as at 1 September 2014 when he ceased to be KMP.

3. Details for GT John are as at 12 November 2014 when he ceased to be KMP.

4. Movement relates to share rights provided to TG Worner at nil cost under the Seven Media Group Transitional Equity Grant that vested as ordinary shares during FY15.

5. Details for DJ Boorman are as at 5 January 2015 when he ceased to be KMP.

6. Details for N Chan are as at 3 December 2014 when he ceased to be KMP.

7. Details for CR Dickens are as at 21 January 2015 when he commenced as KMP.

8. Details for WO Lynch are as at 5 January 2015 when he commenced as KMP.

9. Details for P Zavec are as at 3 December 2014 when he commenced as KMP.

4. Service agreements

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

Name	Duration of Contract	Period of Notice Required to Terminate the Contract	Contractual Termination Benefits
TG Worner	Three years ¹	Twelve months' notice ²	Nil
MJ Allibon	Open ended	Six months' notice	Nil
DJ Boorman ³	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.
N Chan ⁴	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	Three months' notice	Nil
BI McWilliam	Open ended	Three months' notice	Nil
CS Wharton	Open ended	Three months' notice	Nil
P Zavec	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 each 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.
3. DJ Boorman ceased as KMP on 5 January 2015 and ceased employment with the Company on 4 July 2015.
4. N Chan ceased as KMP on 3 December 2014 and ceased employment with the Company on 3 April 2015.

5. Services from Remuneration Consultants

The Committee did not engage any remuneration consultants to provide remuneration recommendations in FY15.

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 27 June 2015 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.

A stylized, handwritten signature of the KPMG firm, appearing as 'KPMG' in a cursive script.

KPMG

A handwritten signature in black ink, which appears to read 'Bruce Phillips'.

Bruce Phillips
Partner

Sydney

19 August 2015

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Financial Statements

Seven West Media Limited

FOR THE YEAR ENDED 27 JUNE 2015

Introduction and Basis of Preparation

Seven West Media is a for-profit company limited by shares and incorporated in Australia whose shares are publically 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 19 August 2015. 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 options 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 Seven West Media 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 company presents reclassified comparative information, where required, for consistency with the current year’s presentation.

Table of Contents

Financial Statements

Consolidated Statement of Profit and Loss and Other Comprehensive Income.....	86
Consolidated Statement of Financial Position.....	87
Consolidated Statement of Changes in Equity.....	88
Consolidated Statement of Cash Flows.....	89
Notes to the Financial Statements.....	90

Directors' Declaration.....	134
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Independent Auditor's Report.....	135
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ASX Information

Company Information.....	137
Investor Information.....	138
Shareholder Information.....	139

Note Index

1. Group Performance

1.1 Segment Information.....	90
1.2 Revenue and Other Income.....	92
1.3 Expenses.....	93
1.4 Significant Items.....	94
1.5 Earnings Per Share.....	94

2. Working Capital

2.1 Cash and Cash Equivalents.....	96
2.2 Trade and Other Receivables.....	97
2.3 Program Rights and Inventory.....	98
2.4 Trade and Other Payables.....	98
2.5 Commitments.....	99

3. Other Key Balance Sheet Items

3.1 Intangible Assets.....	100
3.2 Property, Plant and Equipment.....	104
3.3 Provisions.....	106

4. Taxation

4.1 Taxes.....	108
4.2 Deferred Tax Assets and Liabilities.....	110

5. Capital Management

5.1 Borrowings.....	111
5.2 Share Capital.....	111
5.3 Dividends.....	113
5.4 Share-Based Payments.....	114
5.5 Capital and Financial Risk Management.....	115

6. Group Structure

6.1 Equity Accounted Investees.....	120
6.2 Investments in Controlled Entities.....	123
6.3 Parent Entity Financial Information.....	128
6.4 Related Party Transactions.....	129

7. Other

7.1 Remuneration of Auditors.....	131
7.2 Contingent Liabilities.....	131
7.3 Events Occuring after the Reporting Date.....	131
7.4 Summary of Significant Accounting Policies.....	132

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 27 JUNE 2015

	Notes	2015 \$'000	2014 \$'000
Revenue	1.2	1,770,295	1,844,920
Other income	1.2	941	68
Revenue and other income		1,771,236	1,844,988
Expenses (excluding impairment)	1.3	(1,475,917)	(1,453,608)
Share of net profit of equity accounted investees	6.1	3,446	16,797
Impairment of intangible assets	1.4	(1,994,232)	(87,040)
Impairment of equity accounted investees	1.4	(70,991)	–
(Loss) profit before net finance costs and tax		(1,766,458)	321,137
Finance costs		(64,216)	(86,155)
Finance income		3,507	8,367
(Loss) profit before tax		(1,827,167)	243,349
Tax expense	4.1	(60,210)	(94,161)
(Loss) profit for the year		(1,887,377)	149,188
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges		(3,467)	4,178
Exchange differences on translation of foreign operations		95	–
Tax relating to items that may be reclassified subsequently to profit or loss		1,040	(1,253)
Other comprehensive (expense) income for the year, net of tax		(2,332)	2,925
Total comprehensive (expense) income for the year attributable to owners of the Company		(1,889,709)	152,113
Earnings per share for (loss) profit attributable to the ordinary equity holders of the Company			Restated
Basic earnings per share	1.5	(181.1 cents)	14.8 cents
Diluted earnings per share	1.5	(181.1 cents)	12.6 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

FOR THE YEAR ENDED 27 JUNE 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	2.1	141,845	68,833
Trade and other receivables	2.2	271,918	277,649
Current tax receivable		2,225	40,149
Program rights and inventories	2.3	152,049	142,256
Other assets		6,096	4,855
Total current assets		574,133	533,742
Non-current assets			
Program rights	2.3	35,600	–
Equity accounted investees	6.1	214,321	294,705
Other investments		3,777	777
Property, plant and equipment	3.2	219,307	231,967
Intangible assets	3.1	1,555,198	3,545,221
Other assets		3,656	3,427
Total non-current assets		2,031,859	4,076,097
Total assets		2,605,992	4,609,839
LIABILITIES			
Current liabilities			
Trade and other payables	2.4	297,682	304,130
Provisions	3.3	80,433	71,332
Deferred income		33,471	24,920
Total current liabilities		411,586	400,382
Non-current liabilities			
Trade and other payables	2.4	23,406	20,961
Provisions	3.3	37,771	14,545
Deferred income		14,689	14,985
Deferred tax liabilities	4.2	48,883	34,445
Borrowings	5.1	874,665	1,227,361
Total non-current liabilities		999,414	1,312,297
Total liabilities		1,411,000	1,712,679
Net assets		1,194,992	2,897,160
EQUITY			
Share capital	5.2	3,396,847	3,090,474
Reserves		(2,833)	(1,453)
Accumulated deficit		(2,199,022)	(191,861)
Total equity		1,194,992	2,897,160

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 27 JUNE 2015

	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 29 June 2013		3,090,405	(5,680)	1,934	(1,517)	–	(221,264)	2,863,878
Profit for the year		–	–	–	–	–	149,188	149,188
Cash flow hedge gains taken to equity		–	4,178	–	–	–	–	4,178
Tax on other comprehensive income		–	(1,253)	–	–	–	–	(1,253)
Other comprehensive income for the year, net of tax		–	2,925	–	–	–	–	2,925
Total comprehensive income for the year		–	2,925	–	–	–	149,188	152,113
Transactions with owners in their capacity as owners								
Shares issued pursuant to executive and employee share plans	5.2	69	–	–	–	–	–	69
Dividends paid	5.3	–	–	–	–	–	(119,785)	(119,785)
Share based payment expense		–	–	885	–	–	–	885
Total transactions with owners		69	–	885	–	–	(119,785)	(118,831)
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 for the year, net of tax		–	(2,427)	–	–	95	–	(2,332)
Total comprehensive expense 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	–	–	(119,783)	187,542
Balance at 27 June 2015		3,396,847	(5,182)	3,771	(1,517)	95	(2,199,022)	1,194,992

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 27 JUNE 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows related to operating activities			
Receipts from customers		1,971,055	2,043,928
Payments to suppliers and employees		(1,640,663)	(1,649,231)
Dividends received from equity accounted investees	6.1	18,583	21,386
Interest and other items of similar nature received		3,486	7,174
Interest and other costs of finance paid		(62,677)	(84,734)
Income taxes paid, net of refunds		(6,781)	(100,156)
Net operating cash flows	2.1	283,003	238,367
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment		(22,238)	(31,349)
Proceeds from sale of property, plant and equipment		246	184
Payments for software		(18,267)	(9,124)
Payments for equity accounted investees		(2,500)	(1,000)
Payments for other investments		(3,000)	–
Proceeds from capital return on investments	6.1	6,500	7,500
Net cash acquired on acquisition of controlled entity		9	253
Loans issued to investees		(4,152)	(118)
Net investing cash flows		(43,402)	(33,654)
Cash flows related to financing activities			
Proceeds from shares issued	5.2	310,678	–
Payments for transaction costs arising on share issues		(2,545)	–
Proceeds from shares issued pursuant to executive and employee share plans		62	69
Proceeds from borrowings		45,000	1,235,002
Repayment of borrowings		(400,000)	(1,508,482)
Dividends paid	5.3	(119,784)	(119,785)
Net financing cash flows		(166,589)	(393,196)
Net increase (decrease) in cash and cash equivalents		73,012	(188,483)
Cash and cash equivalents at the beginning of the year		68,833	257,316
Cash and cash equivalents at the end of the year	2.1	141,845	68,833

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 27 JUNE 2015

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 and other WA publishing.
Magazines	Publisher of magazines and digital editions.
Other Business and New Ventures	Includes equity accounted investees including Yahoo7, Presto, Australian News Channel and Community Newspapers; Radio (radio stations broadcasting in regional areas of Western Australia) and other minor operating segments.

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, the Acting Chief Financial Officer 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 from 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 maker and as such, are not required to be disclosed.

1.1B. Segment information

		Television	Newspapers	Magazines	Other Business and New Ventures	Corporate [B]	Total
Year ended 27 June 2015	REF	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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 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)	(9,488)	(15,869)	(1,367,677)
Profit before significant items, net finance costs, tax, depreciation and amortisation		321,080	73,291	23,518	4,101	(14,985)	407,005
Depreciation and amortisation	[A]	(25,140)	(21,525)	(3,197)	(810)	–	(50,672)
Profit before significant items, net finance costs and tax		295,940	51,766	20,321	3,291	(14,985)	356,333

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

1.1. Segment Information (continued)

		Television	Newspapers	Magazines	Other Business and New Ventures	Corporate [B]	Total
Year ended 28 June 2014	REF	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations		1,305,624	291,223	237,498	10,575	–	1,844,920
Other revenue		27	41	–	–	–	68
Share of net profit equity accounted investees		–	–	–	16,797	–	16,797
Revenue, other income and share of net profit of equity accounted investees		1,305,651	291,264	237,498	27,372	–	1,861,785
Expenses		(969,537)	(198,301)	(213,148)	(7,906)	(14,716)	(1,403,608)
Profit before significant items, net finance costs, tax, depreciation and amortisation		336,114	92,963	24,350	19,466	(14,716)	458,177
Depreciation and amortisation	[A]	(24,062)	(21,396)	(3,965)	(577)	–	(50,000)
Profit before significant items, net finance costs and tax		312,052	71,567	20,385	18,889	(14,716)	408,177

A. Excludes program rights amortisation which is treated consistently with other media content (refer note 1.3).

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

Following a review of the internal reporting structure of each business unit, the revenue and cost items relating to Colourpress, Newspapers Digital Publishing, and Other WA Publishers was reclassified from Other Business and New Ventures segment to Newspapers.

Comparative results for the year ended 28 June 2014 have been restated to reflect this change.

1.1C. Other segment information

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

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

	2015 \$'000	2014 \$'000
Reconciliation of profit before significant items, net finance costs and tax		
Profit before significant items, net finance costs and tax	356,333	408,177
Finance income	3,507	8,367
Finance costs	(64,216)	(86,155)
Profit before tax excluding significant items	295,624	330,389
Significant items before tax (refer note 1.4)	(2,122,791)	(87,040)
(Loss) profit before tax	(1,827,167)	243,349

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

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 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 can be measured reliably and the 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 and all attaching conditions will be complied with.
i) reimbursement of expense	Recognised in profit or loss over the periods necessary to match the costs that it is intended to compensate.
ii) 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. Dividend income is recorded net of any franking credits.

	REF	2015 \$'000	2014 \$'000
Sales revenue			
Advertising revenue	[A]	1,364,404	1,433,799
Circulation revenue	[B]	203,797	220,802
Program sales and fees	[C]	149,699	143,133
Rendering of services	[D]	22,396	23,049
Other revenue	[E]	29,999	24,137
Total revenue		1,770,295	1,844,920
Other income			
Other income		886	–
Net gain on disposal of property, plant and equipment and computer software		55	68
Total other income		941	68

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

1.3. Expenses

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

	REF	2015 \$'000	2014 \$'000
Depreciation and amortisation (excluding program rights amortisation)		50,672	50,000
Advertising and marketing expenses		53,185	59,162
Printing, selling and distribution (including newsprint and paper)		112,745	121,579
Media content (including program rights amortisation)		572,513	586,307
Employee benefits expense (excluding significant items)	[A]	411,540	410,446
Raw materials and consumables used (excluding newsprint and paper)		9,013	8,738
Repairs and maintenance		18,097	18,203
Licence fees		70,620	73,028
Onerous contracts (significant item – refer note 1.4)		42,683	–
Redundancy and restructure costs (significant item – refer note 1.4)		13,934	–
Transaction costs (significant item – refer note 1.4)		951	–
Other expenses from ordinary activities		119,964	126,145
Total expenses		1,475,917	1,453,608

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

[A] Employee benefits expense	371,971	373,799
[A] Defined contribution superannuation expense	39,569	36,647
[B] Rental expense relating to operating leases	25,739	25,537
[C] Depreciation of property, plant and equipment	38,724	40,779
Amortisation of intangible assets	11,948	9,221
Television program rights amortisation	130,633	124,578
Total depreciation and amortisation	181,305	174,578

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

1.4. Significant Items

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

	REF	2015 \$'000	2014 \$'000
Impairment of Television goodwill	[A]	(960,875)	–
Impairment of Television licences	[A]	(929,268)	–
Impairment of Magazines and Newspapers goodwill	[A]	(65,709)	(61,729)
Impairment of Magazines and Newspapers mastheads and licences	[A]	(38,380)	(15,314)
Impairment of other mastheads	[B]	–	(9,997)
Total Impairment of intangible assets		(1,994,232)	(87,040)
Impairment of equity accounted investees	[C]	(70,991)	–
Total Impairment of intangible assets and equity accounted investees		(2,065,223)	(87,040)
Redundancy and restructure costs	[D]	(13,934)	–
Onerous contracts	[E]	(42,683)	–
Transaction costs	[F]	(951)	–
Total significant items before tax		(2,122,791)	(87,040)
Tax benefit		26,269	–
Net significant items after tax		(2,096,522)	(87,040)

A. 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.

In the prior year, impairment losses on Magazine intangible assets were recognised following an assessment of their recoverable amounts. The impairments largely reflected the structural challenges facing the publishing industry.

B. An impairment loss on Quokka masthead (a weekly classified advertising publication) was recognised in the prior year following an assessment of the recoverable amount. The impairment largely reflected the difficult advertising market and deteriorating business trends at the time.

C. The recoverable amount of equity accounted investees was lower than the carrying value resulting in an impairment of \$70,991,400.

D. The redundancy and restructure costs recognised relate to cost reduction programs across the Group.

E. Onerous contracts represent the minimum unavoidable net cost of the Group's existing unprofitable program rights deals.

F. 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

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(iii) 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

1.5. Earnings Per Share (continued)

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

	REF	2015	Restated 2014
Basic earnings per share			
(Loss) profit attributable to the ordinary equity holders of the Company	[A]	(181.1) cents	14.8 cents
Diluted earnings per share			
(Loss) profit attributable to the ordinary equity holders of the Company	[A]	(181.1) cents	12.6 cents
		2015	2014
		\$'000	\$'000
Earnings used in calculating earnings per share			
(Loss) profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share.		(1,887,377)	149,188

	REF	2015 Number	Restated 2014 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	[A]	1,042,446,271	1,007,584,843
Adjustments for calculation of diluted earnings per share:			
– Convertible Preference Shares (CPS)	[C]	–	175,469,653
– Shares issued pursuant to the suspended executive and employee share plans treated as options deemed to have been converted into ordinary shares at the beginning of the financial year		–	1,254,586
– Share rights issued pursuant to equity incentive plan		–	444,143
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	[B]	1,042,446,271	1,184,753,225

A. 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 issued under a rights issue. Accordingly, the prior corresponding full year weighted average number of ordinary shares includes an adjustment relating to the shares issued pursuant to the 2.27 for 3 conditional, accelerated, non-renounceable entitlement offer completed in June 2015.

B. Diluted earnings per share for June 2015 does not assume conversion of the CPS prior to 2 June 2015 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 as a result of the CPS was 262,751,395. Refer to [C].
- 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.

C. For illustrative purposes of calculating diluted earnings per share, a notional CPS amount has been calculated prior to conversion. At conversion date the notional CPS amount is \$329,438,151 (2014: \$312,815,879). This is divided by the conversion price to calculate the notional number of shares. Under the terms of the CPS there is more than one basis of conversion. For the illustrative calculation of diluted EPS the "Redemption Conversion Price" is based on an average weighted share price which has been used as the conversion price since this results in the most advantageous position for the holder of the CPS. Refer note 5.2 for further details relating to the CPS.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

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.

	2015 \$'000	2014 \$'000
Cash at bank, and on hand	141,845	68,833

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

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

Reconciliation of operating (loss) profit after tax to net cash provided by operating activities		
(Loss) profit for the year:	(1,887,377)	149,188
Non-cash items:		
Depreciation and amortisation of property, plant and equipment and intangible assets	50,672	50,000
Amortisation of television program rights	130,633	124,578
Impairment of intangible assets and equity accounted investees	2,065,223	87,040
Write down of other assets	4,172	–
Net gain on disposal of property, plant and equipment and computer software	(55)	(68)
Share based payment expense	952	885
Dividend received from equity accounted investees less share of profit of equity accounted investees	15,137	4,590
Movement in unamortised finance costs	2,304	2,736
Movement in:		
Trade and other receivables	6,933	(953)
Inventories	1,973	929
Program rights	(177,990)	(150,255)
Other assets	(1,069)	140
Trade and other payables	(25,517)	(4,338)
Program liabilities	3,511	(24,578)
Provisions	32,330	(7,762)
Other liabilities	7,773	12,192
Tax balances	53,398	(5,957)
Net cash inflow from operating activities	283,003	238,367

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

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

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

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

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 included in receivables in the statement of financial position. Loans and receivables are carried at estimated future cash flow.

	2015 \$'000	2014 \$'000
Current		
Trade receivables	299,031	311,307
Provision for doubtful debts	(6,743)	(7,010)
Provision for sales credits and returns	(31,490)	(29,933)
	260,798	274,364
Loans and other receivables	11,120	3,285
Total trade and other receivables	271,918	277,649
Movements in the provision for doubtful debts are as follows:		
Balance at the beginning of the financial year	7,010	8,395
Provision assumed in a business combination	–	10
Net movement in provision recognised during the year	80	(1,395)
Amounts written off	(347)	–
Balance at the end of the financial year	6,743	7,010

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.

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 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
Year ended 28 June 2014					
Net receivables	254,940	20,621	4,253	1,560	281,374
Provision for doubtful debts	–	(4,529)	(2,418)	(63)	(7,010)
	254,940	16,092	1,835	1,497	274,364

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

2.3. Program Rights and Inventories

Accounting policy

Program Rights

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

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 a life of one year from commencement of the rights period or over the rights period of the contract (whichever is the lesser). Produced programs are expensed when broadcast or in full on the twelfth month after completion period.

Inventory

Inventories or finished goods and work in progress as well as raw materials are measured at acquisition cost or cost of manufacture or at the lower of net realisable value and consist mainly of paper stock for the printing of newspapers and magazines.

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.

	2015 \$'000	2014 \$'000
Current		
Television program rights at cost less accumulated amortisation	130,460	118,703
Newsprint and paper – at cost	12,817	13,665
Work in progress – at cost	3,636	4,435
Other raw materials – at net realisable value	5,136	5,170
Finished goods – at cost	–	283
	152,049	142,256
Non-Current		
Prepaid Television program rights	35,600	–
	35,600	–

Program rights and inventory expense

Program rights and inventories recognised as an expense during the year ended 27 June 2015 amounted to \$130,633,000 (2014: \$124,578,000) and \$44,855,000 (2014: \$61,169,000) 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

Refer note 5.5.

Program liabilities

Refer note 2.3 for accounting policy.

	2015 \$'000	2014 \$'000
Current		
Trade payables and other accrued expenses	211,343	220,071
Derivative financial liabilities	378	3,830
Television program liabilities	85,961	80,229
	297,682	304,130
Non-current		
Trade payables and other accrued expenses	9,176	12,101
Derivative financial liabilities	7,592	–
Television program liabilities	6,638	8,860
	23,406	20,961

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

2.5. Commitments

	<1 year \$'000	1 – 5 years \$'000	> 5 Years \$'000	Total \$'000
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
Year ended 28 June 2014				
Capital expenditure commitments	13,999	–	–	13,999
Operating lease commitments	21,351	74,113	127,022	222,486
Contracts for purchase of television programs and sporting broadcast rights	307,922	511,891	56,518	876,331
Contracts for employee services	57,149	25,911	–	83,060
Contracts for other services	45,214	99,157	3,055	147,426
	445,635	711,072	186,595	1,343,302

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

The Group leases various offices, equipment, sites and residential premises under non-cancellable operating leases expiring within one year to 15 years (2014: 16 years). The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Lease commitments relate to minimum lease payments in relation to non-cancellable operating 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.

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

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 any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation

period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss within the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually and at each reporting date if impairment indicators are present, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

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
Magazines mastheads	Indefinite	No amortisation	Acquired
Magazines 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

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

3.1. Intangible Assets (continued)

	Licences \$'000	Mastheads \$'000	Program copyrights \$'000	Computer software [A] \$'000	Goodwill \$'000	Total \$'000
Year ended 28 June 2014						
Opening net book amount	2,325,794	154,006	12,000	22,363	1,117,852	3,632,015
Additions	–	–	–	8,187	–	8,187
Amortisation charge	(886)	–	(4,000)	(4,335)	–	(9,221)
Impairment loss	(143)	(25,168)	–	–	(61,729)	(87,040)
Goodwill acquired on acquisition of controlled entity	–	–	–	–	1,280	1,280
Closing net book amount	2,324,765	128,838	8,000	26,215	1,057,403	3,545,221
Comprised of:						
Cost	2,355,396	230,289	20,848	52,977	1,251,330	3,910,840
Accumulated amortisation and impairment	(30,631)	(101,451)	(12,848)	(26,762)	(193,927)	(365,619)

	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 \$17,296,000 (2014: \$8,187,000) which were acquired separately and \$nil (2014: \$nil) which were internally generated.

B. 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.

In the prior year, impairment losses on Magazines intangible assets were recognised following an assessment of their recoverable amounts. The impairments largely reflected the structural challenges facing the publishing industry.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

3.1. Intangible Assets (continued)

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

The review identified the following impairment losses for each CGU and respective asset at reporting date. Refer Note 1.4.

	Television \$'000	Newspapers (Regional) \$'000	Magazines \$'000	Total \$'000
Mastheads (December 14)	–	15,432	15,864	31,296
Licences (December 14)	–	–	7,084	7,084
Licences (June 15)	929,268	–	–	929,268
Goodwill (December 14)	960,875	1,558	64,151	1,026,584
Total impairment loss	1,890,143	16,990	87,099	1,994,232

Accounting policy

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units or CGUs). 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.

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 represents the lowest level within the Group at which the assets are monitored for internal management purposes.

The table below outlines the allocation of the intangible assets.

Allocation of CGU Groups	Goodwill \$'000	Licences, mastheads \$'000	Total \$'000
Year ended 28 June 2014			
Television	962,155	2,300,000	3,262,155
Newspapers (including regionals)	1,558	84,061	85,619
Magazines	92,764	52,226	144,990
Radio	926	17,316	18,242
Total goodwill and indefinite life assets	1,057,403	2,453,603	3,511,006
Year ended 27 June 2015			
Television	141	1,370,732	1,370,873
Newspapers (including regionals)	–	68,629	68,629
Magazines	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

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

3.1. Intangible Assets (continued)

(i) 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 2015. The recoverable amount is determined to be the higher of its fair value less cost to sell and value-in-use.

The group uses a 5 year discounted cash flow model based on board approved budgets and forecasts with a terminal growth rate for cashflows beyond the 5 year period.

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 estimation of future cash flows require management to make significant estimates and judgements. Key components of the calculation and the basis for each CGU are detailed below. As a result of this analysis, management has recognised an impairment charge of \$1,890,000,000 for Television goodwill and licences, Newspapers mastheads and goodwill of \$16,990,000 and Magazines goodwill of \$64,151,000.

Cash flows

Year 1 cash flows are based upon forecasts for the next financial year. Years 2 to 5 cash flows are forecast using year 1 as a base and a growth factor applied to revenue and expense in years 2 to 5. The rate of change takes account of management's best estimate of the likely results in these periods, using current market data, industry forecasts, and historical actual rates. The table below discloses the 5 year compounded average growth rates (CAGR) used in our assumptions:

	Television		Newspapers (Metro)		Newspapers (Regional)		Magazines	
	Jun-15	Jun-14	Jun-15	Jun-14	Jun-15	Jun-14	Jun-15	Jun-14
Revenue	1.1%	2.5%	-3.9%	-3.1%	-3.2%	-3.2%	-4.5%	-1.9%

Expenses have been adjusted to account for revenue growth or decline, cost reduction programs and other committed management initiatives.

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.

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. As a result of this analysis management have recognised an impairment of \$1,890,000 for Television goodwill and licences, Newspaper mastheads and goodwill of \$16,990,000 and Magazines goodwill of \$64,151,000.

	Terminal growth factor		Discount rate (pre-tax)		Discount rate (post-tax)	
	Jun-15	Jun-14	Jun-15	Jun-14	Jun-15	Jun-14
Television	1.5%	3.0%	14.2%	12.8%	9.8%	9.8%
Newspapers – Metro	0.5%	1.0%	13.0%	14.0%	11.0%	11.0%
Newspapers – Regional	0.5%	1.0%	17.7%	16.7%	11.0%	11.0%
Magazines	0.0%	1.0%	19.6%	15.0%	12.0%	11.0%

(ii) Impairment review of Magazines masthead and licences

Key components of the calculation and the basis for each of Magazines mastheads and licences are detailed below:

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

- Future maintainable revenue forecasts which are based on historical actual results as well as financial budgets and forecasts approved by management;
- Royalty rates between 10.0% and 11.0% (June 2014: 5.0% and 11.0%);
- Earnings multiples between 3x and 5x (June 2014: 3x and 5x).

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

- Five year forecast based on financial budgets and forecasts approved by management;
- Discount rates between 13.25% and 14.25% (June 2014: 12.25% and 13.25%);
- Terminal growth rate of 0% (June 2014: 1.0%). This terminal rate does not exceed long term expected industry growth rates.

As a result of this analysis, management has recognised an impairment charge of \$15,864,000 against the carrying value of mastheads and \$7,084,000 against the carrying value of the licences at December 2014. No additional impairment was recognised at June 2015.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

3.1. Intangible Assets (continued)

(iii) Impact of possible changes in key assumptions

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

Following the current financial year impairments to Television, Newspapers (Regional) and Magazines CGUs, the recoverable amounts are equal to the carrying amounts. Therefore any future adverse movements in key assumptions would lead to further impairment loss.

The estimated recoverable amount for Newspapers (Metro) exceeds its carrying amount by approximately \$32,100,000. A decrease of 0.7 per cent in the growth rate used for the cash flows would result in there being no headroom as at 27 June 2015. We consider this to be a reasonably possible change to the assumptions used in our forecasts.

Key judgements, estimates and assumptions

The Group tests annually whether investments, goodwill and intangibles with indefinite useful lives 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 assumptions.

3.2. Property, Plant and Equipment

Accounting policy

All property, plant and equipment is stated at historical cost to the Group 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	Depreciation policy
Land	No depreciation as indefinite life.
Buildings	Straight line method over 40 years.
Leasehold Improvements	Depreciated over the shorter of the life of the lease of each property or the life of the asset.
Plant and equipment	Straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows: Printing presses and publishing equipment 15 years Other plant and equipment 3 – 10 years

Impairment of assets

An 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 27 JUNE 2015

3.2. Property, Plant and Equipment (continued)

	Freehold land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Year ended 28 June 2014				
Opening net book value	81,955	9,138	150,264	241,357
Additions	4,404	161	26,784	31,349
Disposals	–	–	(116)	(116)
Depreciation charge	(2,127)	(4,245)	(34,407)	(40,779)
Additions through acquisition of controlled entity	–	–	156	156
Closing net book amount	84,232	5,054	142,681	231,967
Comprised of:				
<i>Cost</i>	<i>114,576</i>	<i>19,663</i>	<i>364,807</i>	<i>499,046</i>
<i>Accumulated depreciation</i>	<i>(30,344)</i>	<i>(14,609)</i>	<i>(222,126)</i>	<i>(267,079)</i>
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:				
<i>Cost</i>	<i>120,447</i>	<i>19,780</i>	<i>363,242</i>	<i>503,469</i>
<i>Accumulated depreciation</i>	<i>(35,492)</i>	<i>(14,881)</i>	<i>(233,789)</i>	<i>(284,162)</i>

Key judgements, estimates and assumptions

The estimation of useful lives, residual value and depreciation methods require some judgement and are reviewed at least annually.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

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]	Provision for employee benefits includes annual leave, long service leave and short term incentives.
Employee benefits	
<i>Short-term employee benefits</i>	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.
<i>Long-term employee benefits</i>	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.
<i>Short term incentives and bonus plans</i>	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.
<i>Superannuation</i>	Contributions made by the Company to defined contribution employee superannuation funds are charged to profit or loss for the period employees' services are provided.
[B]	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]	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 minimal 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]	1. Provision for libel claims against the Group in relation to published material.
Other	2. Makegood 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 27 JUNE 2015

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 28 June 2014	69,818	6,085	–	9,974	85,877
Amounts provided	37,736	13,934	42,683	417	94,770
Amounts utilised	(38,806)	(15,556)	(9,231)	(465)	(64,058)
Unwind of discount	–	–	1,469	146	1,615
Balance as at 27 June 2015	68,748	4,463	34,921	10,072	118,204
Represented by:					
Current	63,272	4,463	10,859	1,839	80,433
Non-current	5,476	–	24,062	8,233	37,771
	68,748	4,463	34,921	10,072	118,204

Key judgements, estimates and assumptions

The provisions for restructuring and redundancy has been disclosed as a result of the group having a constructive obligation and a detailed formal plan for restructuring.

Section 4

Taxation

4.1. Taxes

Accounting policy

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

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

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

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

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

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

Tax consolidation

The Company and 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 27 JUNE 2015

4.1. Taxes (continued)

	2015 \$'000	2014 \$'000
Tax expense recognised in profit or loss		
Current year tax expense	(61,520)	(34,699)
Adjustments for current tax of prior periods	16,788	–
Current tax expense	(44,732)	(34,699)
Deferred tax benefit (expense)	3,577	(59,462)
Adjustment for deferred tax of prior periods	(19,055)	–
Total tax expense	(60,210)	(94,161)
Reconciliation of tax expense to prima facie tax payable		
(Loss) Profit before tax	(1,827,167)	243,349
Tax at the Australian tax rate of 30% (2014: 30%)	548,150	(73,005)
Tax effect of amounts which are not (deductible)/taxable in calculating taxable income:		
Share of net profit of equity-accounted investees	1,034	5,039
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)	(26,112)
Other changes in recognition of deferred tax assets and liabilities	(109)	–
Other non-assessable/(non-deductible) items	3,222	(83)
Adjustments for tax of prior periods	(2,267)	–
Tax expense	(60,210)	(94,161)
Tax recognised in other comprehensive income		
Cash flow hedges	1,040	(1,253)
Deferred tax asset not recognised		
Deductible temporary differences	847,719	232,187

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

4.2. Deferred Tax Assets and Liabilities

Deferred tax (liabilities)/assets

	Balance 30 June 2013 \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Balance 28 June 2014 \$'000
Year ended 28 June 2014				
The balance comprises temporary differences attributable to:				
Trade and other receivables	7,762	(2,700)	–	5,062
Program rights and inventories	(42,447)	(51,850)	–	(94,297)
Intangible assets	(7,058)	(951)	–	(8,009)
Property, plant and equipment	(7,383)	(1,297)	–	(8,680)
Trade and other payables	34,686	(3,786)	–	30,900
Provisions	26,095	(165)	–	25,930
Deferred income	5,650	2,890	–	8,540
Cash flow hedges	3,176	(774)	(1,253)	1,149
Transaction costs	6,302	(452)	–	5,850
Other	(513)	(377)	–	(890)
Net deferred tax (liabilities)/assets	26,270	(59,462)	(1,253)	(34,445)

	Balance 28 June 2014 \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Balance 27 June 2015 \$'000
Year ended 27 June 2015				
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	30,900	(2,798)	–	28,102
Provisions	25,930	8,631	–	34,561
Deferred income	8,540	(2,055)	–	6,485
Borrowings	–	(1,601)	–	(1,601)
Cash flow hedges	1,149	–	1,040	2,189
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 27 JUNE 2015

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.

	2015 \$'000	2014 \$'000
Non-current		
Bank loans – unsecured	874,665	1,227,361

5.1A Financial arrangements

As at 27 June 2015, the Group had access to unsecured bilateral revolving credit facilities to a maximum of \$1,400,000,000 (2014: \$1,400,000,000). The amount of these facilities undrawn at reporting date was \$520,000,000 (2014: \$165,000,000).

At reporting date, all bilateral facilities had an expiry of October 2017. Subsequent to year end, the Group completed an amendment to its arrangements whereby the maturity date for all facilities has been extended by one year to October 2018.

The drawn down external debt was reduced by \$300,000,000 following a capital raising completed by the group in June 2015. Refer note 5.2.

In addition, the Group continues to have access to a \$20,000,000 (2014: \$20,000,000) multi-option facility with Australia and New Zealand Banking Group Limited. As at reporting date, \$8,100,000 of this facility (2014: \$11,900,000) was utilised for the provision of bank guarantees.

The unsecured bank loans are net of \$5,335,000 refinancing costs (2014: \$7,639,000). The facilities are subject to a weighted average interest rate of 3.82% at 27 June 2015 (2014: 4.47%).

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 27 June 2015.

Fair value

The carrying amount and fair value of Group borrowings at the end of the financial year was \$874,665,000 (2014: \$1,227,361,000).

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.

A total of 2,500 Convertible preference shares (CPS) were issued to Seven Group Holdings (SGH) on 21 April 2011 at an issue price of \$100,000 per CPS. Under the terms and conditions of the CPS they could have been converted by SGH into a fixed number of fully paid ordinary shares in SWM (SWM Shares) at any time up until 20 April 2016. Refer to 5.2B below for further explanation of the conversion which occurred during the reporting period.

Information about the Group's exposure to capital risk is provided in note 5.5.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

5.2. Share Capital (continued)

	2015 \$'000	2014 \$'000
1,512,536,488 (2014: 998,004,222) Ordinary shares fully paid (refer 5.2A)	3,396,847	2,840,474
Nil (2014: 2,500) Convertible preference shares fully paid (refer 5.2B)	–	250,000
	3,396,847	3,090,474

5.2A Movements in ordinary share capital

REF	2015 Shares	2014 Shares	2015 \$'000	2014 \$'000
Ordinary shares				
Balance at the beginning of the year	998,004,222	997,832,422	2,840,474	2,840,405
Movements during the year:				
Conversion of CPS 5.2B	265,749,570	–	250,000	–
Shares issued pursuant to 2.27-for-3 entitlement offer [A]	248,553,896	–	310,678	–
Transaction costs arising on share issues [A]	–	–	(4,367)	–
Shares issued pursuant to the executive and employee share plans	228,800	171,800	62	69
Movement in ordinary shares	514,532,266	171,800	556,373	69
Balance at the end of the year	1,512,536,488	998,004,222	3,396,847	2,840,474

The total number of shares issued by the Company is 1,513,464,338 and differs from the amount included in share capital as follows:

Total shares issued by the Company	1,513,464,338	999,160,872
Executive and employee share plans treated as options [B]	(927,850)	(1,156,650)
Balance included in share capital	1,512,536,488	998,004,222

A. The Company completed a 2.27 for 3 accelerated non-renounceable pro-rata entitlement offer of new Seven West Media Limited shares to raise \$310,678,000. A total of 248,553,896 shares were issued at a price of \$1.25 per share. The majority of the gross proceeds were used to repay the external facility. Refer to note 5.1.

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

5.2B Movements in convertible preference shares

	2015 Shares	2014 Shares	2015 \$'000	2014 \$'000
Convertible preference shares (CPS)				
Balance at the end of the year	–	2,500	–	250,000

On 4 June 2015, the Company completed the conversion of 2,500 Convertible Preference Shares (CPS) held by Seven Group Holdings Limited. The CPS were converted into ordinary shares at \$1.28 per share, being a 5% discount on the average daily VWAP for the 5 trading days prior to the announcement of the transaction on 29 April 2015. The CPS was converted to 265,749,570 ordinary shares.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

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

	2015 \$'000	2014 \$'000
Final ordinary dividend for the year ended 28 June 2014 of 6 cents per share (29 June 2013: 6 cents), fully franked based on tax paid at 30%, paid on 10 October 2014 (2013: 11 October 2013)	59,894	59,892
Interim ordinary dividend for the year ended 27 June 2015 of 6 cents per share (2014 interim: 6 cents), fully franked based on tax paid at 30%, paid on 1 April 2015 (2014 interim: 1 April 2014)	59,890	59,893
	119,784	119,785

5.3B Dividends not recognised at year end

In addition to the above dividends, since year end the directors have declared a 2015 final dividend of 4 cents per ordinary share (2014: 6 cents), fully franked based on tax paid at the rate of 30%. The aggregate amount of the dividend payable on 9 October 2015, but not recognised as a liability at year end, is estimated at	60,492	59,880
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5.3C Franked dividends

The franked dividend declared after 27 June 2015 will be franked out of existing franking credits or out of franking credits arising from the receipt of franked dividends and the payment of tax in the year ending 27 June 2015.

Franking credits available for subsequent financial years based on a tax rate of 30% (2014: 30%)	19,123	17,840
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The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

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

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

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.

The total expense recognised for share-based payments for all plans during the financial year for the Group was \$951,836 (2014: \$885,230).

At 27 June 2015 the Group had the following share-based payment arrangements:

5.4A Performance and share rights granted as compensation

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

The Group established an additional 2015 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 1,629,004 (2014: 1,330,358) performance rights were granted on 15 June 2015 (2014: 2 June 2014) and are awarded when the performance conditions are met. The performance period commenced on 1 July 2014 and ends on 30 June 2017 (2014: 1 July 2013 to 30 June 2016). 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 SWM at the vesting date. None of the performance rights have vested however 351,387 (2014: 203,512) were forfeited during the year.

Seven 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 there were other equity plans in place which continue to have unvested awards at 27 June 2015. None of the rights have yet expired however the rights under the Seven Media Group Performance Transitional Equity Grant have vested during the reporting period. These are detailed in the Remuneration Report.

5.4B Valuation models and key assumptions used

	2015 Long Term Incentive Plan	
Grant date	15 June 2015	
Expiry date	28 August 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 2017	
First Vesting Date	28 August 2017	
Share price at grant date	\$1.03	
Number of rights granted	1,629,400	
Fair value at grant date	TSR	\$0.11
	DEPS	\$0.88
Exercise price	\$0.00	
Volatility	40%	
Risk free interest rate	1.99%	
Dividend yield	7.0%	
Valuation methodology	TSR	Monte Carlo simulation
	DEPS	Binomial Tree

Key estimates, judgements 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.

Refer to table 5.4B for summary of these.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

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.

Accounting policy

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

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items. The fair values of derivative financial instruments designated as cash flow hedges are disclosed in note 2.4. 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.

5.5A Market risk

Market risk is the risk that 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.

(i) Price risk

The Group is not exposed to significant price risk.

(ii) Cash flow and fair value interest rate risk

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

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

5.5. Capital and Financial Risk Management (continued)

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

	2015 \$'000	2014 \$'000
Variable rate instruments		
[A] Cash at bank, on hand and at call	141,845	68,833
Weighted average interest rate	2.70%	2.82%
[B] External borrowing facilities	880,000	1,235,000
Weighted average interest rate	3.82%	4.47%
[C] Interest Rate Swaps		
Total Hedged	500,000	200,000
% of debt hedged	57%	16%
Weighted average interest rate	2.98%	3.90%
Expiry date	Various to June 2019	March 2015
[D] Interest Rate Collars		
Total Hedged	100,000	600,000
% of debt hedged	11%	49%
Interest rate cap	3.20%	5.00%
Interest rate floor	2.37%	3.13%
Expiry date	June 2016	March 2015
Total amount of debt hedged	68%	65%
Net exposure to cash flow interest rate risk	138,155	366,167

The changes in fair value of cash flow hedges during the year amounts to a pre-tax reduction in equity of \$3,467,000 (2014: pre-tax gain of \$4,178,000).

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 27 June 2015.

Group sensitivity

Based on the Group's outstanding floating rate borrowings, interest rate swaps and collars at 27 June 2015, 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
If interest rates were 1% higher with all other variables held constant:						
(Decrease)/increase	(2,510)	(6,047)	7,993	2,026	5,483	(4,021)
If interest rates were 1% lower with all other variables held constant:						
Increase/(decrease)	1,960	3,095	(9,168)	(2,673)	(7,208)	422

(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.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

5.5. Capital and Financial Risk Management (continued)

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

	2015 \$'000	2014 \$'000
Receivables:		
Foreign exchange receivables and forward contracts	17,168	12,212
Payables:		
Foreign exchange payables and forward contracts	(16,831)	(11,985)
Net exposure	337	227

Group sensitivity

Based on the Group's financial instruments held at 27 June 2015, 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 (2014: no significant impact). The analysis was performed on the same basis as 2014 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.

The Group's only significant concentration of credit risk is the receivable balance due from its main magazine distributor of \$12,988,000 (2014: \$14,124,000). The debtor has no history of bad debt and adheres to credit terms on a monthly basis.

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 \$1,400,000,000 of which only \$880,000,000 is drawn at reporting date. Following 27 June 2015 the Group had access to a reduced amount of \$1,100,000,000. Refer to note 5.1A.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

5.5. Capital and Financial Risk Management (continued)

	Less than one year \$'000	Between 1 and 5 years \$'000	Total contractual cash flows \$'000	Carrying amount – liabilities \$'000
At 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 collar	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
At 28 June 2014				
Non-derivative financial liabilities				
Trade and other payables	283,318	20,961	304,279	321,261
Unsecured loans	51,625	1,358,835	1,410,460	1,227,361
Total non-derivatives	334,943	1,379,796	1,714,739	1,548,622
Derivative financial liabilities				
Net settled interest rate swaps and collars	3,748	–	3,748	3,500
Gross settled forward foreign exchange contracts – cash flow hedges:				
– (inflow)	(12,212)	–	(12,212)	–
– outflow	11,985	–	11,985	330
Total derivatives	3,521	–	3,521	3,830
Total financial liabilities	338,464	1,379,796	1,718,260	1,552,452

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:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- 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
- 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 \$7,970,000 (2014: \$3,830,000). 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

5.5. Capital and Financial Risk Management (continued)

5.5E Capital Management

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

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

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

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

	2015 \$'000	2014 \$'000
Total unsecured bank facility	880,000	1,235,000
Less: unamortised refinancing costs	(5,335)	(7,639)
Less: cash and cash equivalents	(141,845)	(68,833)
Net Debt	732,820	1,158,528
Total Equity	2,168,746	2,897,160
Add back: Amounts accumulated in equity relating to cash flow hedges	5,182	2,755
Adjusted equity	2,173,928	2,899,915
Net debt to adjusted equity ratio	34%	40%

There were no other changes in the Group's approach to capital management during the year. Refer note 5.2 for movements in equity during the year.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

Section 6

Group Structure

6.1. Equity Accounted Investees

	2015 \$'000	2014 \$'000
Non-current		
Investments in associates and jointly controlled entities	214,321	294,705

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

Name of entity	REF	Principal activities	Reporting date	Ownership interest	
				2015 %	2014 %
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
Coventry Street Properties Pty Limited	[A]	Property management	30 June	–	50.0
Epicfrog Pty Limited (trading as Nabo)	[B]	Online social network	30 June	36.4	–
Healthengine Pty Limited	[C]	Online Health Directory	30 June	27.0	30.8
Hybrid Television Services (ANZ) Pty Limited	[D]	TiVo distributor	30 June	–	66.7
Oztam Pty Limited		Ratings service provider	31 December	33.3	33.3
Perth Translator Facility Pty Limited	[E]	Transmitter facilities provider	30 June	–	33.3
Presto TV Pty Limited	[F]	SVOD service provider	30 June	50.0	–
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.

- The total investment was disposed on 31 October 2014.
- Seven West Media acquired 40% shareholding in Epicfrog Pty Limited (trading as Nabo) on 30 October 2014 for \$1,000,000. An additional \$1,500,000 was provided in May 2015 which, as a result of contributions by other partners took the shareholding to 36.4%.
- Following a capital raising by Healthengine Pty Limited in December 2014, the shareholding in this investment was diluted from 30.8% to 27.0%.
- During the financial year the shareholders collectively controlled the investment in Hybrid Television Services (ANZ) Pty Ltd and as a result it was equity accounted. On 1 July 2014 the Group acquired the remaining shares in the entity and obtained 100% control. This is now fully consolidated. Refer note 6.2.
- On 14 July 2014 the shares held in Perth Translator Facility Pty Limited were transferred to TX Australia Pty Limited and Perth Translator Facility Pty Limited therefore ceased to be an equity accounted investee from this date.
- Seven West Media completed the acquisition of Presto TV Pty Limited on 14th May 2015 in a 50:50 joint venture agreement with Foxtel Management Pty Limited.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

6.1. Equity Accounted Investees (continued)

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	2015 \$'000	2014 \$'000
Revenue		99,572	100,582
Net profit for the year (continuing operations)	[A]	22,146	24,057
Group's 50% share of profit for the year		11,073	12,028

A. Includes depreciation and amortisation of \$6,266,000 (2014: \$7,301,000) and income tax expense of \$7,902,000 (2014: \$10,346,000). Interest expense and income for both reporting periods is not significant.

Current assets	[B]	33,767	58,619
Non current assets		76,128	77,683
Current liabilities		(18,713)	(24,885)
Non current liabilities		(2,492)	(4,873)
Net assets		88,690	106,544

B. Includes cash and cash equivalents of \$9,251,000 (FY14: \$32,488,000).

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

Accounting policy

An associate is an entity, other than a subsidiary or joint venture, 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 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

6.1. Equity Accounted Investees (continued)

	2015 \$'000	2014 \$'000
Movements in carrying amount of the investment in Yahoo7		
Carrying amount at the beginning of the financial year	275,238	287,210
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	11,073	12,028
Dividends received	(13,500)	(16,500)
Return of capital received	(6,500)	(7,500)
Carrying amount of the investment at the end of the financial year	200,002	275,238

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 AABS 13 Fair Value Measurement.

There is currently no headroom in the impairment test for this investment and any changes in assumptions would result in a further investment.

	2015 \$'000	2014 \$'000
Groups share of net assets (50%)	44,345	53,272
Fair value adjustment of acquisition and subsequent impairment	155,657	221,966
Carrying amount of the investment at end of the financial year	200,002	275,238

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	2015 \$'000	2014 \$'000
Revenue		110,387	129,967
Net (loss) profit for the year (continuing operations)		(2,510)	11,838
Group's share of (loss) profit for the year	[A]	(7,627)	4,769

A. Share of profit is based on ownership percentage ranging from 27% to 50% for each equity accounted investee.

Movements in carrying amount of other investments		
Carrying amount at the beginning of the financial year	19,467	17,184
Impairment of equity accounted investees (refer note 1.4)	(4,682)	–
Share of (loss) profit of investees after tax	(7,627)	4,768
Dividends received	(5,083)	(4,886)
Acquisitions and other movements	12,244	2,401
Carrying amount of the investments at the end of the financial year	14,319	19,467

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

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 27 June 2015 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	
			2015 %	2014 %
Harlesden Investments Pty Ltd	[A]	Australia	100	100
Western Mail Operations Pty Ltd	[A]	Australia	100	100
West Australian Newspapers Limited	[A]	Australia	100	100
Albany Advertiser Pty Ltd	[A]	Australia	100	100
ComsNet Pty Ltd	[A]	Australia	100	100
Colorpress Australia Pty Ltd	[A]	Australia	100	100
ColourPress Pty Ltd	[A]	Australia	100	100
Geraldton Newspapers Pty Ltd	[A]	Australia	100	100
Geraldton FM Pty Ltd	[A]	Australia	100	100
Great Northern Broadcasters Pty Ltd	[A]	Australia	100	100
Herdsmen Print Centre Pty Ltd	[A]	Australia	100	100
Herdspres Leasing Pty Ltd	[A]	Australia	100	100
Hocking & Co. Pty Ltd	[A]	Australia	100	100
Quokka West Pty Ltd	[A]	Australia	100	100
Redwave Media Pty Ltd	[A]	Australia	100	100
North West Radio Pty Ltd	[A]	Australia	100	100
Australian Regional Broadcasters Pty Ltd	[A]	Australia	100	100
Spirit Radio Network Pty Ltd	[A]	Australia	100	100
South West Printing and Publishing Company Limited	[A]	Australia	100	100
Quokka Press Pty Ltd	[A]	Australia	100	100
W.A. Broadcasters Pty Ltd	[A]	Australia	100	100
Dansted and McCabe Holdings Pty Ltd	[A]	Australia	100	100
Riverlaw Holdings Pty Limited	[A]	Australia	100	100
West Australian Entertainment Pty Ltd	[A]	Australia	100	100
WAN Cinemas Pty Limited	[A]	Australia	100	100

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

6.2. Investments in Controlled Entities (continued)

	Notes	Country of incorporation	Ownership interest	
			2015 %	2014 %
Western Mail Pty Ltd	[A]	Australia	100	100
Westroyal Pty Ltd	[A]	Australia	100	100
7Wonder Productions Limited	[H]	United Kingdom	50	50
Australian National Television Pty Limited	[C]	Australia	100	100
Australian Television International Pty Limited	[C]	Australia	100	100
Australian Television Network Limited	[C]	Australia	100	100
Channel Seven Adelaide Pty Limited	[C]	Australia	100	100
Channel Seven Brisbane Pty Limited	[C]	Australia	100	100
Channel Seven 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
Dodds Street Properties Pty Limited	[C]	Australia	100	100
Faxcast Australia Pty Limited	[C]	Australia	100	100
Hybrid Television Services (ANZ) Pty Limited	[J]	Australia	100	–
Hybrid Television Services (New Zealand) Limited	[J]	New Zealand	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	[I]	Singapore	50	–
Pacific MM Pty Limited	[C]	Australia	100	100
Pacific Magazines Pty Limited	[C]	Australia	100	100
Pacific Magazines Trust		Australia	100	100
Pacific Magazines (No. 2) Pty Limited	[C]	Australia	100	100
Pacific Magazines NZ Limited		New Zealand	100	100
Pacific Magazines (PP) Pty Ltd	[C]	Australia	100	100
Pacific Magazines (PP) Holdings Pty Ltd	[C]	Australia	100	100
Pacific Magazines (WHO) Pty Ltd	[C]	Australia	100	100
Red Music Publishing Pty Limited	[D]	Australia	100	100
Red Publishing Pty Limited	[C]	Australia	100	100
Seven Magazines Pty Limited	[C]	Australia	100	100
Seven Network Programming Pty Limited	[C]	Australia	100	100
Seven Network (Operations) Limited	[C]	Australia	100	100
Seven Productions Pty Limited	[F]	Australia	100	–
Seven Regional Operations Pty Limited	[C]	Australia	100	100
Seven Satellite Pty Limited	[C]	Australia	100	100
Seven Satellite Operations Pty Limited	[G]	Australia	100	–

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

6.2. Investments in Controlled Entities (continued)

	Notes	Country of incorporation	Ownership interest	
			2015 %	2014 %
Seven West Media Investments Pty Limited	[C]	Australia	100	100
Seven Television Australia Limited	[C]	Australia	100	100
SMG H1 Pty Limited	[B]	Australia	100	100
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
Southdown Publications Pty Limited	[C]	Australia	100	100
Sunshine Broadcasting Network Limited	[C]	Australia	100	100
The Pacific Plus Company Pty Limited	[C]	Australia	100	100
West Central Seven Limited	[C]	Australia	100	100
Wide Bay – Burnett Television Limited	[C]	Australia	100	100
Zangerside Pty Limited	[C]	Australia	100	100
Zed Holdings Pty Limited	[C]	Australia	100	100

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. 7Wonder Productions Limited was acquired on 18 February 2014 and became part of the Group as a controlling interest of 50.1% was acquired.
- I. Media Beach Pte Limited became part of the Group as a controlling interest of 50% was acquired on 8 October 2014.
- J. Hybrid was previously accounted for as an equity accounted investee with 66.7% ownership due to equal voting rights and Board representation. 100% was acquired during the year and it is now a fully controlled entity. The deed was amended on 16 June 2015. Hybrid Television Services (New Zealand) Limited is in liquidation.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

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 27 June 2015 of the Seven West Media Limited Closed Group is presented below according to the Class Order:

	2015 \$'000	2014 \$'000
Statement of profit or loss and other comprehensive income		
Revenue	1,767,561	1,844,025
Other income	941	68
Revenue and other income	1,768,502	1,844,093
Expenses (excluding impairment)	(1,471,391)	(1,452,221)
Share of net profit of equity accounted investees	3,446	16,797
Impairment of intangible assets	(1,994,232)	(87,040)
Impairment of equity accounted investees	(70,991)	–
(Loss) profit before net finance costs and tax	(1,764,666)	321,629
Finance costs	(64,216)	(86,155)
Finance income	3,507	8,367
(Loss) profit before tax	(1,825,375)	243,841
Tax expense	(60,327)	(94,096)
(Loss) profit for the year	(1,885,702)	149,745
Other comprehensive (expense) income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Effective portion of changes in fair value of cash flow hedges	(3,467)	4,178
Exchange differences on translation of foreign operations	17	–
Tax relating to items that may be reclassified subsequently to profit or loss	1,040	(1,253)
Other comprehensive (expense) income for the year, net of tax	(2,410)	2,925
Total comprehensive (expense) income for the year attributable to owners of the Company	(1,888,112)	152,670

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

6.2. Investments in Controlled Entities (continued)

The consolidated statement of financial position for the year ended 27 June 2015 of the Seven West Media Limited Closed Group is presented below according to the Seven West Media Limited Class Order:

	2015 \$'000	2014 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	141,665	68,107
Trade and other receivables	267,806	274,044
Current tax receivable	2,112	40,149
Program rights and inventories	151,508	142,256
Other assets	5,981	4,852
Total current assets	569,072	529,408
Non-current assets		
Program rights	35,600	–
Equity accounted investees	212,740	293,124
Other investments	3,777	777
Property, plant and equipment	219,190	231,891
Intangible assets	1,555,198	3,545,221
Other assets	3,656	3,427
Total non-current assets	2,030,161	4,074,440
Total assets	2,599,233	4,603,848
LIABILITIES		
Current liabilities		
Trade and other payables	295,447	302,181
Provisions	80,433	71,349
Deferred Income	33,471	24,791
Total current liabilities	409,351	398,321
Non-current liabilities		
Trade and other payables	23,406	20,961
Provisions	37,771	14,545
Deferred income	14,689	14,985
Deferred tax liability	48,679	34,445
Borrowings	874,665	1,227,361
Total non-current liabilities	999,210	1,312,297
Total liabilities	1,408,561	1,710,618
Net assets	1,190,672	2,893,230
EQUITY		
Share capital	3,391,602	3,086,909
Reserves	(1,356)	102
Accumulated deficit	(2,199,574)	(193,781)
Total equity	1,190,672	2,893,230

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

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 of Seven West Media Limited. Dividends received from subsidiaries are recognised in the parent entity's profit and loss.

(ii) Financial guarantees

Where the Parent Entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

6.3A. Summary of financial information

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

	Parent entity	
	2015	2014
	\$'000	\$'000
Financial position of parent entity at year end		
Current assets	2,225	40,252
Total assets	1,231,121	2,977,479
Current liabilities	(4,029)	219
Total liabilities	(4,029)	219
Total equity of the parent entity comprising of:		
Share capital	3,396,847	3,090,474
Reserves		
Asset revaluation reserve	8,352	8,352
Equity compensation reserve	3,771	2,819
Accumulated deficit	(2,654,971)	(717,261)
Profits reserve	473,093	592,876
	1,227,092	2,977,260
Result of parent entity		
(Loss) for the year	(1,937,710)	(72,686)
Total comprehensive (expense) for the year	(1,937,710)	(72,686)

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 (2014: \$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 27 June 2015 or 28 June 2014.

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 27 June 2015 or 28 June 2014.

Notes to the Financial Statements

FOR THE YEAR ENDED 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:

	2015 \$'000	2014 \$'000
Sale of goods, advertising and other services		
Equity accounted investees	11,638,120	10,931,955
Director related entities	153,954	133,855
Other related entities	1,135,953	1,377,260
Purchase of goods, advertising and other services		
Equity accounted investees	10,993,670	10,209,909
Director related entities	2,716,967	3,422,599
Other related entities	2,269,715	2,689,651
Shareholder contribution		
Equity accounted investees	565,932	1,103,434

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:

	2015 \$'000	2014 \$'000
Current receivables (sale of goods, advertising and other services)		
Equity accounted investees	1,361,277	3,602,749
Director-related entities	3,825	39,681
Other related entities	2,759,740	1,851,795
Current payables (purchase of goods, advertising and other services)		
Equity accounted investees	2,774,316	3,688,306

(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 27 JUNE 2015

6.4. Related Party Transactions (continued)

6.4E Key management personnel

The following transactions occurred with Key Management Personnel (KMP) related parties:

	2015 \$'000	2014 \$'000
Revenues	–	1,650
Expenses	2,006,110	1,633,479

There were no receivable or payable balances at 27 June 2015 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 64 to 82).

Executive officers also participate in the Group's Equity Incentive Plan for 2013, 2014 and 2015 (refer note 5.4).

	2015 \$'000	2014 \$'000
Key management personnel compensation		
Short-term employee benefits	10,433,382	11,675,674
Post-employment benefits		
Superannuation	275,450	255,582
Termination benefits	1,541,691	–
Share-based payments	620,790	688,558
Other long term benefits	149,686	130,198
	13,020,999	12,750,012

Detailed remuneration disclosures in respect of Directors and each member of key management personnel are provided in the remuneration report on pages 64 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

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 entities.

	2015 \$'000	2014 \$'000
Auditors of the Company – KPMG		
(i) Audit and other assurance services		
Audit or review of the financial statements	456,931	335,100
Other audit and assurance services	127,969	119,896
Total remuneration for audit and other assurance services	584,900	454,996
(ii) Other services		
Transaction related services	551,374	–
Other advisory services	229,287	207,695
Total other services	780,661	207,695
Total remuneration of KPMG Australia	1,365,561	662,691

7.2. Contingent Liabilities

The Groups 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

Subsequent to year end the following events occurred:

- Seven West Media completed an amendment to its arrangements whereby the maturity date for all facilities has been extended by one year to October 2018.
- On 18th August 2015 Seven West Media signed a new six year agreement with the Australian Football League for seasons 2017-2022.

7.4. Summary of 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

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

Available-for-sale financial assets are subsequently carried at fair value or cost if fair value cannot be reliably measured. Unrealised gains and losses arising from changes in their fair value are recognised in other comprehensive income.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. For financial assets in a market that is not active and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

Leases

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.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 27 JUNE 2015

7.4. Summary of Significant Accounting Policies (continued)

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

New accounting standards and interpretations

A number of new accounting standards have been issued but were not effective during the year ended 27 June 2015. 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 2016).

New and amended standards adopted:

AASB 2015–2 Amendments to AASB 101 (Presentation of Financial Statements) which applies to annual reporting periods commencing on or after 1 January 2016 has been early adopted for the preparation of the 2015 financial statements and notes. This standard removed certain minimum disclosure requirements from AASB 101 including the removal of reference to a 'summary of significant accounting policies', allowing re-organisation and grouping of notes to the financial statements giving prominence to the areas most relevant to understanding the organisation and encouraging companies to no longer disclose information that is not material.

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 27 June 2015

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 on pages 64 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 27 June 2015 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 27 June 2015.
4. The Directors draw attention to page 84 of the consolidated financial statements, which include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



KM Stokes AC
Chairman

Sydney
19 August 2015

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 27 June 2015, 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 introduction and 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.

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.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation

Independent Auditor's Report

TO THE MEMBERS OF SEVEN WEST MEDIA LIMITED



Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of 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 27 June 2015 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 introduction and basis of preparation.

Report on the remuneration report

We have audited the Remuneration Report included in pages 66 to 82 of the directors' report for the year ended 27 June 2015. 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 27 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Bruce Phillips
Partner
Sydney
19 August 2015

Company Information

FOR THE YEAR ENDED 27 JUNE 2015

Directors

KM Stokes AC – Chairman
 T G 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

Computershare Investor Services Pty Limited

45 St Georges Terrace
 Perth WA 6000
 Telephone (08) 9323 2000
 Fax (08) 9323 2033

Auditor

KPMG

10 Shelley Street
 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 27 JUNE 2015

Shareholder Inquiries

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

Computershare Investor Services Pty Limited

45 St Georges Terrace

Perth WA 6000

Telephone (08) 9323 2000

Fax (08) 9323 2033 or

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

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

Other general inquiries may be directed to Mr 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 27 JUNE 2015

The shareholder information set out below was applicable at 7 August 2015.

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	5,058
1,001 – 5,000	10,306
5,001 – 10,000	3,891
10,001 – 100,000	4,241
100,001 and over	256
	23,752

b. There were 2,544 holders of less than a marketable parcel of ordinary shares.

b. Equity security holders

The names of the twenty largest holders of equity securities are listed below:

Name	Number of ordinary shares held	Percentage of issued shares
Seven Media Group Pty Limited	334,788,846	22.12
Seven (WAN) Pty Limited	265,749,570	17.56
HSBC Custody Nominees (Australia) Limited	156,525,078	10.34
Citicorp Nominees Pty Limited	140,476,052	9.28
JP Morgan Nominees Australia Limited	137,925,140	9.11
National Nominees Limited	114,007,357	7.53
BNP Paribas Nominees Pty Limited	69,104,169	4.57
Neweconomy com au Nominees Pty Limited	11,061,971	0.73
AMP Life Limited	7,393,907	0.49
UBS Nominees Pty Limited	7,111,267	0.47
HSBC Custody Nominees (Australia) Limited	7,060,560	0.47
UBS Wealth Management Australia Nominees Pty Limited	6,470,501	0.43
Buttonwood Nominees Pty Limited	5,934,402	0.39
Citicorp Nominees Pty Limited	5,108,234	0.34
BNP Paribas Nominees Pty Limited	4,182,655	0.28
RBC Investor Services Australia Nominees Pty Limited	3,927,735	0.26
Warbont Nominees Pty Limited	3,234,293	0.21
Neale Edwards Pty Limited	3,189,519	0.21
BNP Paribas Nominees (NZ) Limited	2,057,332	0.14
TCW Crescent Mezzanine Partners IV/IVB (Ireland) Limited	2,002,370	0.13
	1,287,310,958	85.06

Shareholder Information

FOR THE YEAR ENDED 27 JUNE 2015

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
Sumitomo Mitsui Trust Holdings Inc	6.25%	94,623,799
DFA Australia Limited	5.63%	85,266,918
Schroder Investment Management Australia Limited	5.37%	81,308,842

* 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 no current on-market buy-back.



SEVEN WEST MEDIA

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