

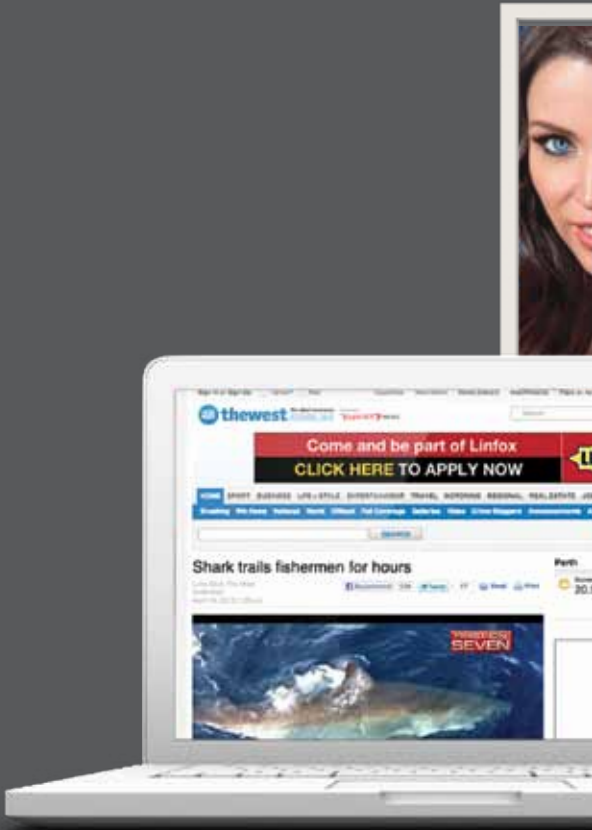
Leadership in Content

2013 Annual Report

Seven West Media is Australia's leading in
Our market-leading presence in broadcast
publishing and online sees us continue to
is the home of many of Australia's best pe
7TWO and **7mate**, **Pacific Magazines**, **The**
the biggest content brands. Our focus ove
home this leadership focusing on building
costs and driving greater synergies across

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Integrated multi-platform business.
Best television, newspaper and magazine
build our businesses. The company
performing media businesses – **Seven**,
The West Australian and **YAHOO!7** - and
over the coming twelve months is to drive
our creative content, managing our
businesses.





FROM THE CHAIRMAN



Welcome to our annual report for shareholders.

The media landscape is changing. It is changing dramatically and quickly. And these changes are taking place in what has once again been a tough twelve months for media companies confronting challenges in consumer confidence and the impact on advertising demand.

However, our development over the past twelve months and in particular the strength of our media businesses provides the framework for the development of your company.

The positive financial performance of the company's media businesses in a difficult market provides us with confidence. Our market-leading presence in broadcast television, newspaper and magazine publishing and online places the company in a stronger position.

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

Leading this change over the past twelve months has been Don Voelte AO.

Twelve months ago, on behalf of our Board, I asked Don, as one of our Non-Executive Directors to take on a most challenging role for our business. As Managing Director & Chief Executive Officer of Seven West Media, he has made an outstanding contribution, implementing some fundamental changes to ensure our company meets the demands of a rapidly changing landscape. He has put in place the structures and people that will allow the company to meet the challenges of the future. On behalf of you, our shareholders, and our Board, I thank Don and look forward to his continuing role with Seven West Media as Deputy Chairman of your company.

Taking your company forward is Tim Worner.

In July, Tim was appointed Chief Executive Officer of Seven West Media. We are delighted Tim has taken on this role, moving up from his role as Chief Executive Officer, Broadcast Television to lead Seven West Media's development across its portfolio of media businesses. I have known Tim from my first days as a shareholder in Seven. He has accepted and met every challenge put to him over the past eighteen years at Seven and his intimate knowledge of the creation of content provides him with the experience to ensure your company's continuing success as it evolves and builds on its leadership as Australia's best-performing integrated media company.



In this annual report, we also welcome to the Board John Alexander. The Directors of Seven West Media were delighted John accepted the invitation to join the Board of the company. His success in media and business speaks for itself. His appointment adds further depth to the Board of our company as it continues to develop its businesses. John is the Executive Deputy Chairman of Crown Limited and continues to have an outstanding career in media following senior management and editorial roles at Publishing and Broadcasting, Australian Consolidated Press and John Fairfax.

During the year, one of your company's major shareholders, Kohlberg Kravis Roberts & Co sold its shareholding in Seven West Media. Kohlberg Kravis Roberts & Co has been a great partner of Seven for seven years. We understood their decision to sell their shareholding. We have worked closely together over the years building Seven Media Group and then working together with West Australian Newspapers to create Seven West Media. We thank George Roberts, Justin Reizes and the team at Kohlberg Kravis Roberts & Co for their commitment to your company. Justin has been an outstanding Director on the Board of your company. He retires as a Director of Seven West Media at the time of your company's next Annual General Meeting and we acknowledge his contribution to the company.

It has been a positive year for Seven West Media. The past twelve months has seen our businesses build on their leadership. Much has been done to put in place the structures that will allow us to manage our costs, drive greater efficiencies and drive home our leadership in the creation of content that Australians are seeking. More is to be done. But we are well-placed.

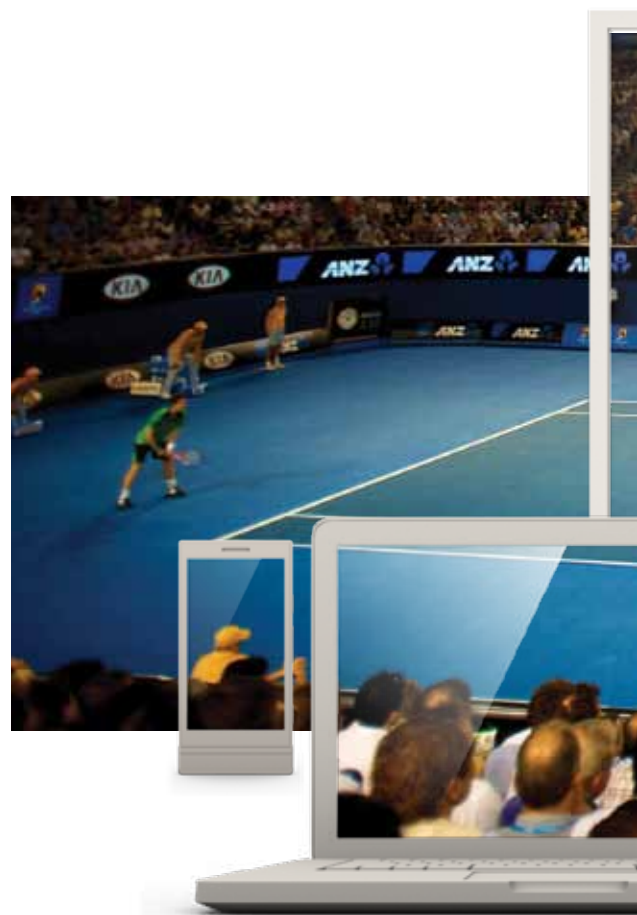
Your Board and management are committed to building shareholder value and ensuring the future growth of the company.

We are looking forward to the coming twelve months as Seven West Media moves to the next level in its development as a leading integrated media company across broadcast television, publishing and online and new forms of content delivery.

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

Kerry Stokes AC
Chairman

OPERATING & FINANCIAL REVIEW

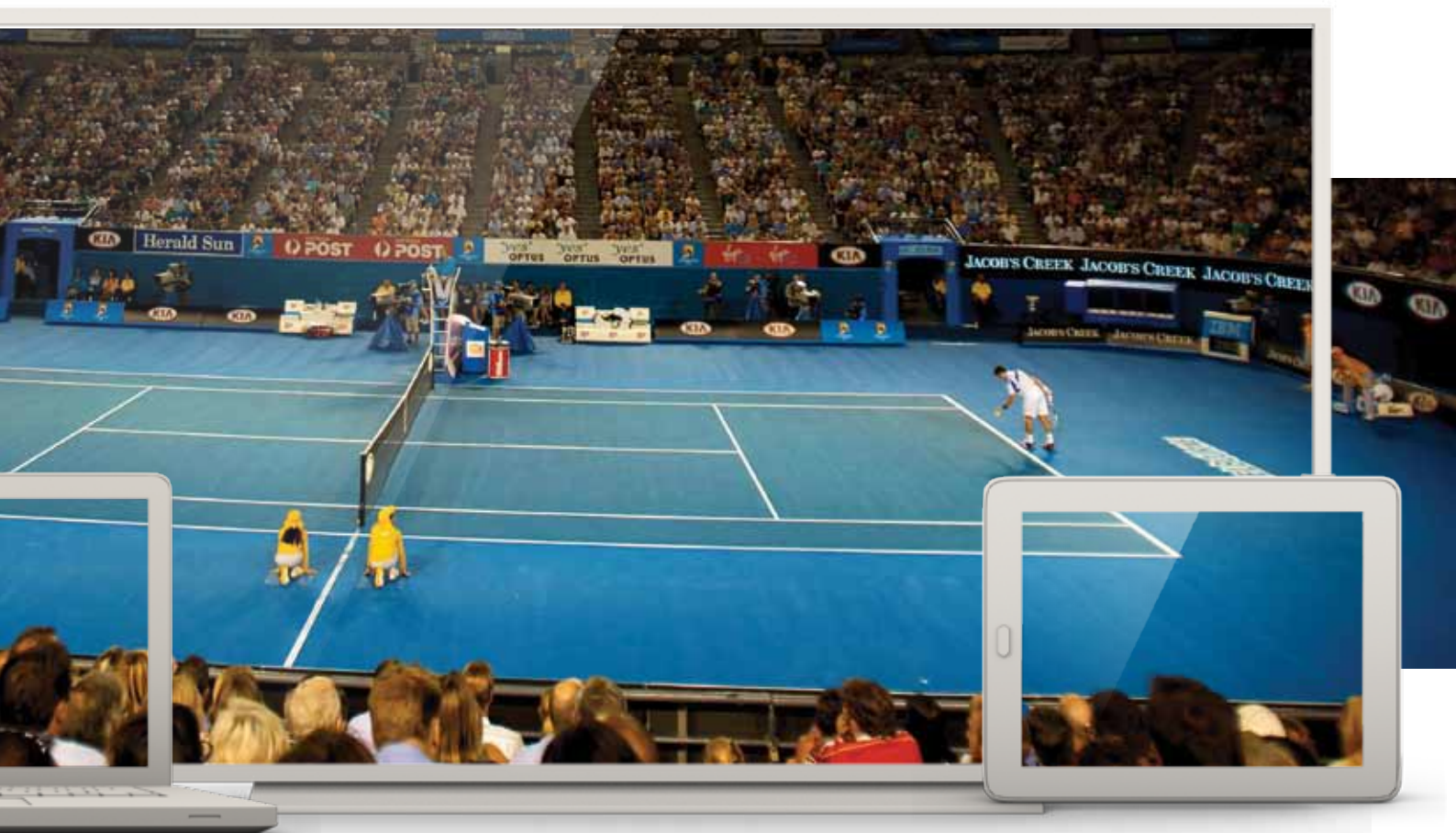


Summary Financial Performance

	FY13 (\$m)	FY12 (\$m)	Change (%)
Revenue	1,866.5	1,937.1	-3.6%
Other income	0.2	0.2	0.0%
Share of net profit of equity accounted investees	15.3	20.1	-23.9%
Revenue, other income and equity accounted profits	1,882.0	1,957.4	-3.9%
Operating expenses	(1,402.0)	(1,422.4)	-1.4%
EBITDA ⁽¹⁾	480.0	535.0	-10.3%
Depreciation and amortisation	(58.0)	(61.6)	-5.8%
EBIT ⁽²⁾	422.0	473.4	-10.9%
Net finance costs	(102.4)	(148.2)	-30.9%
Profit before significant items and tax	319.6	325.2	-1.7%
Significant items	(308.4)	—	—
Profit before tax	11.2	325.2	-96.6%
Tax expense	(81.0)	(98.3)	-17.6%
(Loss)/profit after tax	(69.8)	226.9	-130.7%
EBITDA margin	25.5%	27.3%	
Basic EPS	-7.1 cents	33.3 cents	
Basic EPS excluding significant items net of tax	23.0 cents	33.3 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.



Reconciliation of EBIT to statutory profit before tax

	FY13 (\$m)	FY12 (\$m)
EBIT	422.0	473.4
Net finance costs	(102.4)	(148.2)
Significant items	(308.4)	—
Profit before tax	11.2	325.2

Seven West Media Limited reports profit before significant items, net finance costs and tax (EBIT) of \$422 million for the 2012-2013 financial year – down 10.9 per cent on the previous financial year.

The Company reports a profit after income tax, excluding significant items net of tax, of \$225 million, on total revenue of \$1,867 million. This is down 0.8 per cent on the previous financial year on a 3.6 per cent decline in revenue, and slightly above its market guidance for profit after tax (excluding significant items).

The Company is reporting a statutory net loss of \$70 million following the inclusion of significant items. Significant items of \$295 million after tax includes impairment of the magazine business intangible assets, the impairment of equity accounted investees, redundancy and restructure costs and other items.

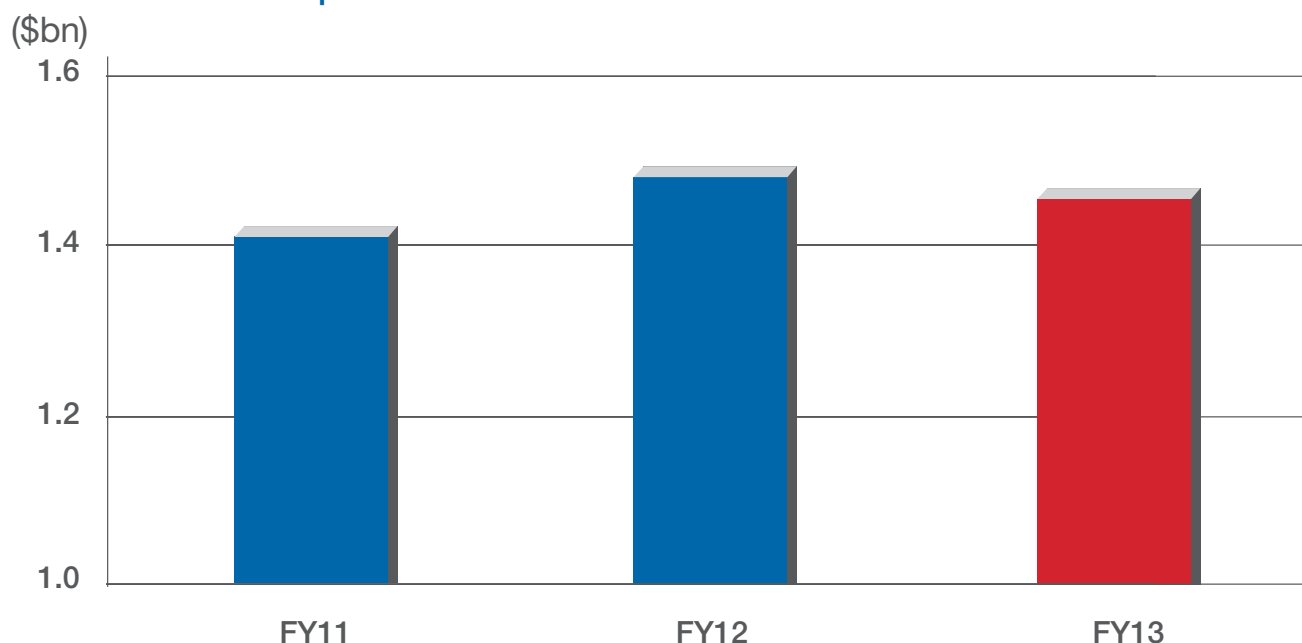
Significant Items

	FY13 (\$m)
Impairment of Magazine and other intangible assets	(227.3)
Impairment of Yahoo!7 and other equity accounted investees	(61.5)
Total impairments	(288.8)
Redundancy and restructure costs	(27.0)
Change in estimate of Television licence fee	7.4
Total significant items before tax	(308.4)
Tax benefit	13.4
Significant items net of tax	(295.0)

Dividend

A final dividend of 6 cents per share (fully franked) has been declared and will be paid in October 2013. The interim dividend was paid in April 2013 and takes the total dividend to be paid by the Company for the 2012-2013 financial year to 12 cents per share. Continuity of the dividend has been maintained, with approximately 50 per cent of net profit after tax being returned to shareholders.

Total Group Costs



Advertising Market and Revenue Performance

Our businesses have been operating in subdued conditions over the past year, with the group's strong margins being delivered in a tough and challenging advertising market, which declined 1.7 per cent in total compared to the previous financial year. The metropolitan television advertising market declined 2.2 per cent, the newspaper advertising market declined 19.6 per cent and the magazine advertising market declined 19.8 per cent on the 2011-2012 financial year. There have been some improvements in market revenue trends in the second half particularly in television where our market share improved consistently over the year to 40.5 per cent (January to June 2013).

Cost Management

Seven West Media has introduced a phased cost reduction and revenue improvement programme which delivered an aggregate of \$71 million in improvements in the 2012-2013 financial year.

As a result of this continued focus on cost reduction initiatives, total group costs are down 1.6 per cent year on year. The first phase of the cost programme is complete, and exceeded the targets set as some benefits were delivered earlier than anticipated. The additional benefits from the next phase of the programme are anticipated to be delivered in the 2014 financial year. Despite continuing investments in the Company's businesses, Seven West Media believes its group cost base in 2013-2014 will be similar in absolute terms to the current financial year.

Operating Margins

Despite difficulties in the overall advertising market, Seven West Media delivered an overall EBITDA margin of 25.5 per cent (27.3 per cent in prior year) reflecting the strong performance of the Company's management team.

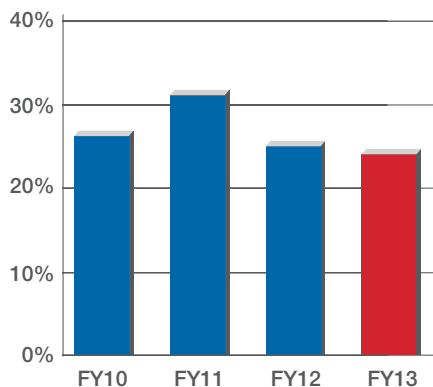
The Company's key businesses continue to maintain strong margins with television delivering an EBITDA margin of 25.2 per cent, newspapers delivering an EBITDA margin of 35.4 per cent



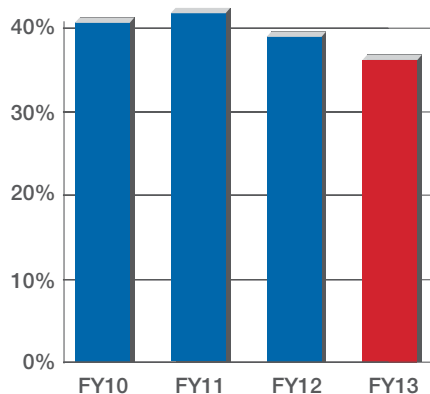
NET PROFIT
EXCLUDING
SIGNIFICANT ITEMS

\$225m

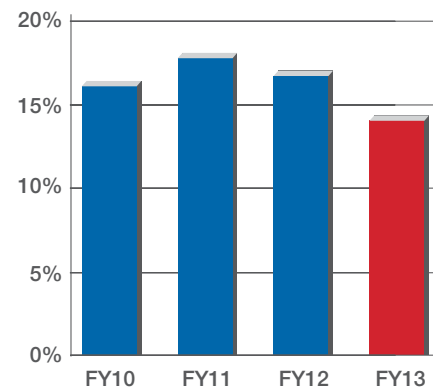
TV EBITDA Margin



Newspapers EBITDA Margin



Magazines EBITDA Margin



All EBITDA margins percentages exclude the impact of significant items.

and magazines delivering an EBITDA margin of 14.2 per cent.

Balance Sheet

Seven West Media has net assets of \$2,864 million which includes \$1,241 million in net debt.

On 16 July 2012, the Company announced an underwritten pro rata one for two accelerated entitlement offer to raise approximately \$440 million. This offer was successfully completed on 17 August 2012. The proceeds from the equity raising were used to pay down debt, strengthening the Company's balance sheet.

At the formation of Seven West Media two years ago, the Company's net debt was approximately \$2.1 billion. By 30 June 2012, net debt reduced to \$1.85 billion. A successful \$440 million (\$432 million net of costs) capital raising together with \$182 million of net operational cash flows (net of dividends paid) has reduced net debt by \$614.0 million over the past twelve months. Net debt now stands at \$1.24 billion, with the group's debt leverage ratio at 2.6x EBITDA. There are two tranches of debt

remaining, repayable in October 2015 and 2016.

Review of Businesses

The Company has delivered a strong performance in a challenging market, demonstrated by healthy EBITDA margins reported for the year, which were underpinned by reducing costs while maintaining the quality of our content and enhancing our distribution platforms. The Company's focus over the coming twelve months is to build on its leadership in broadcast television, print media and online, and drive further cost synergies across the business.

A review of each of the businesses is outlined on the following pages.

EBIT

\$422m

NET ASSETS

\$2.864b





BROADCAST TELEVISION

Broadcast television is our primary focus. It will continue to be the cornerstone of our development as a broad-based media company.

Television

	FY13 (\$m)	FY12 (\$m)	Change (%)
Revenue			
Advertising	1,124.7	1,136.1	-1.0%
Other	143.1	126.3	13.3%
	1,267.8	1,262.4	0.4%
Costs			
Revenue variable costs	83.9	82.8	1.2%
Depreciation and amortisation	29.2	30.7	-4.7%
Other costs	864.3	848.1	1.9%
	977.4	961.6	1.7%
EBIT	290.4	300.8	-3.5%

Financial Performance

We will continue to build on our acknowledged strengths in the creation and production of Australian television. This is Seven's seventh consecutive year of market leadership in primetime and builds on Seven's success in the 2012 television season.

Seven delivered EBITDA of \$320 million and EBIT of \$290 million, down 3.6 per cent and 3.5 per cent respectively on the prior year. This result was delivered on revenue of \$1,268 million, up 0.4 per cent on prior year.

EBITDA margin is 25.2 per cent and EBIT margin is 22.9 per cent versus prior year margins of 26.3 per cent and 23.8 per cent respectively.

Seven secured a market-leading 40.4 per cent share of the television advertising market across the 2013 financial year – the highest revenue share ever reported by a network not broadcasting an Olympic Games in an Olympic Games year – and a record for Seven.

Seven's overall cost growth of 1.7 per cent reflects the continuing significant investment in Australian programming that underpins Seven's audience delivery in television including the first full year of the new Australian Football League agreement. These results also demonstrate the delivery of the cost initiatives in a way that maintains the strength of our brands and quality of the product we deliver to advertisers and viewers.

Leadership in Australian Television

Seven is Australia's most-watched television network in 2013.

Seven is number one on primary channels and the combined audiences of additional digital channels across primetime. Seven is the most-watched primary channel for total viewers in the current television year and our suite of additional channels delivers more viewers than anyone else. 7TWO is the most-watched additional channel for total viewers and 7mate is the most-watched additional channel in its men 16-54 target audience in the current television year.

Building on this performance and in a competitive television landscape in 2013, Seven has won more weeks and more primetime nights than any other network and dominates the 'most-watched series' on television.

Underpinning our success is our depth in Australian programming, with My Kitchen Rules and The X Factor dominating primetime and the successful launch of two new major franchises for Seven: House Rules and the Australian drama series, A Place To Call Home.

Sunrise continues to dominate breakfast television in its tenth consecutive year of leadership and The Morning Show is now in its seventh year of leadership in morning television.

We have the programming architecture in place in our primetime. We have continuing momentum. We are well-placed to deliver a competitive performance across the coming twelve months. Planning for the 2014 television year is well-advanced with a number of new Australian series in development.

40.4%

Seven secured a market-leading 40.4 per cent* share of the commercial television advertising market across the 2013 financial year

*Source: Free TV



Future Development

Broadcast television and the creation and development of Australian content will play a key role in the future of the Company. Television will continue to be the primary form of mass communication.

Our primary focus is the creation of our own programmes as we redefine the operating model for broadcast television to become leaner and more agile without ever compromising the quality of our content or the pursuit of audience leadership. We will be fuelling new growth in a digital world, building businesses leveraging our skills in content creation and strengths in marketing and building brands.

Our additional channels and digital assets are forming an ecosystem that supports a strategy where broadcast television and our content are at the heart of our effort to expand and commercialise our content across new platforms.

The way audiences engage with consumer content is changing but television will continue to be the best way to engage with mass audiences and will underpin our plans to further connect with our audiences through smart phones, laptops or tablets, consoles, boxes and new smart televisions that will allow us to have 1:1 conversations with them. We will soon offer catch up, forward, on demand viewing, even targeted advertising with the arrival of Hybrid Broadcast Broadband Television or HbbTV.

Our operating model will become much leaner to withstand the cyclical and structural challenges that come our way and provide us with the agility to do new and great things for our audiences. Our objective is to create more options to deliver our content across new platforms and in new ways. Broadcast television is not the centre of the business, not the focus of the business but the heart of the business. In the future we will be taking our content even further: available anywhere and on any device and at any time.

Television was once just the one channel for Seven. Now we have the three digital channels and delivery of more content on demand through the PLUS 7 catch-up channel and through Yahoo!7 the chance to interact with all that content. PLUS 7 is now available on most mobile devices.

We are well advanced in the development of our presence in Hybrid Broadcast Broadband Television – a new system that combines the power of broadcast television with the internet. This will allow us to not only deliver our television content to mass audiences but also to scale that content and engage with our audiences one-on-one. Our objective is to create more content that Australians want to see and want to engage with and we will distribute that content wherever it is the most profitable.

Seven is currently trialling live streaming of our channels on mobile devices. We are advanced in testing Hybrid Broadcast Broadband Television for launch in 2014. As the audience changes the way it consumes content we aim to be there waiting for them. We can take advantage of that delivery being targeted to the individual, greatly expanding the offering we can put before our advertising partners. We will have the option of pursuing revenue in a pay per view model or the potential to establish subscription based premium services over the internet, building on our strengths in the creation of Australian content.





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VS SEVEN NEWS SEVEN NEWS SEVEN NEWS SEVEN NEWS

NEWSPAPER PUBLISHING

The West Australian has world-class operating margins and now in its 181st year of publishing, The West Australian is an important part of the lives of all West Australians.



The West Australian

Wednesday, February 27, 2013

thewest.com.au

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FIND YOUR WEEK 3
LETTERS ON PAGE 101



EYE ON THE SKY THE UNSEEN SIDE OF THE AIRLINE INDUSTRY

PART 3
HOW AIR TRAVEL IS KEPT SO SAFE
PAGES 10, 11



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Patients will die: hospital boss

EXCLUSIVE
By Garry O'Leary
Health editor

Health officials believe some patients will end up dying because of low weekly industrial action by nurses, citing several "critical incidents" that occurred because of shortages of clinicians.

Perth Hospital director David Pratt said there was "intolerable evidence" that over-stressing and deaths in hospital emergency departments caused deaths, even if they did not occur immediately.

"I mention there are people who will die this week because of delays to their care last week," Pratt said.

"The XRT alone we had 70 beds closed in one time and all those elderly and vulnerable patients on waiting list 30 or 40 hours, causing circumstances that were intolerable."

"There were a number of critical incidents where a lady wanted to get a test, because of delays and she died and the test was not done."

"And another patient whose care was delayed and they deteriorated and ended up on a ventilator."

Nurses voted in a ballot on Monday to accept an industrial pay offer from Premier Colin Barnett for a 14 per cent increase over three years, an offer rejected by Labor.

In a letter after a week of work bans that forced the closure of one to five beds to some hospital wards and all the use of a diminished 24-hour service.

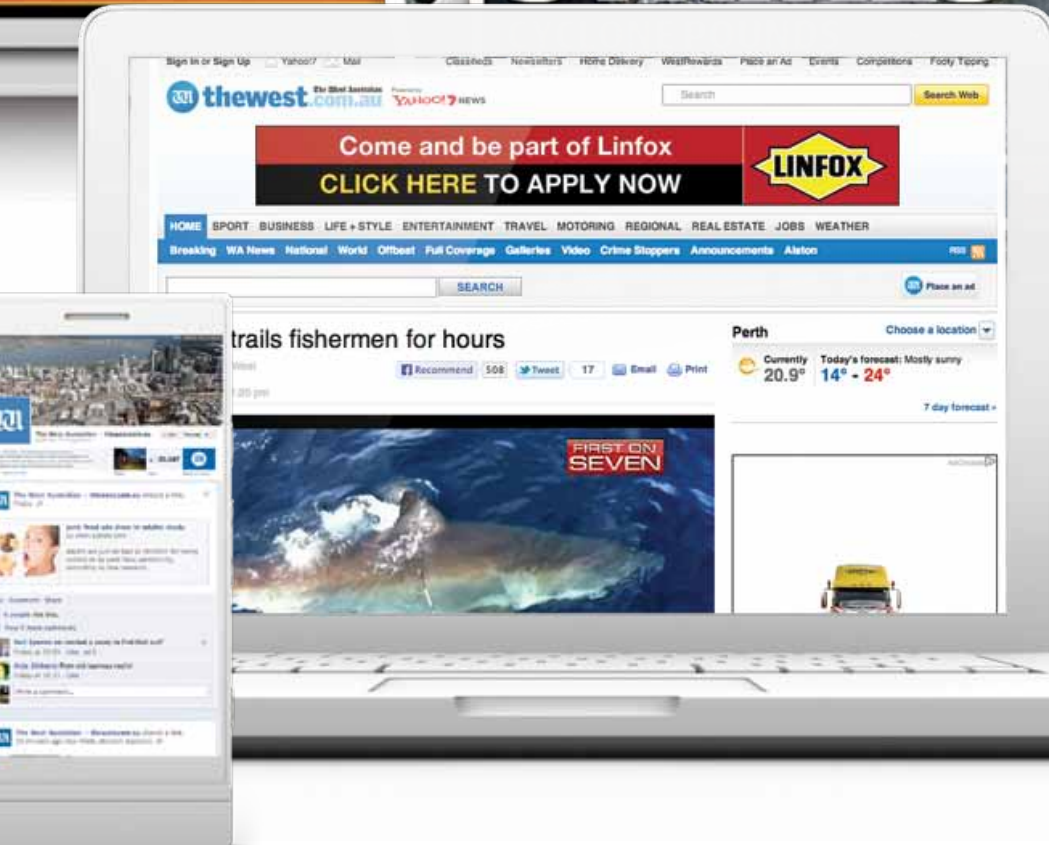
The Australian Nursing Federation ran an advertisement in The West Australian pointing out the "catastrophe of thousands of support" in the hospital.

"Confronted by major reports, no time was over for risk and the care of our patients was never compromised," it said.

Deputy general of health Kim Howarth said he did not want to "strut individual nurses" but it was important the public understood the situation. He had heard Mr Barnett and his department had

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RUSTY STRIKES



Newspapers

	FY13 (\$m)	FY12 (\$m)	Change (%)
Revenue			
Advertising	222.4	264.8	-16.0%
Circulation	68.2	68.0	0.3%
Other	12.5	15.6	-19.9%
	303.1	348.4	-13.0%
Costs			
Depreciation and amortisation	20.9	21.0	-0.5%
Other costs	195.6	211.2	-7.4%
	216.5	232.2	-6.8%
EBIT	86.6	116.2	-25.5%

Financial Performance

Besides its market-leading margins, the WAN group has effectively restructured its operations and costs over the past year and consolidated its circulation in what is undeniably a challenging market for newspapers.

The West Australian and regional newspapers delivered EBITDA of \$107.5 million and EBIT of \$86.6 million.

This performance was delivered on revenues of \$303.1 million, down 13.0 per cent on the prior year, reflecting the soft advertising market.

EBITDA margin is 35.4 per cent and EBIT margin is 28.6 per cent.

The West's strong performance relative to other newspaper companies confirms the paper's disciplined approach to cost management and its focus on the delivery of a product consumers seek and trust.

The West's audited circulation is Monday-Friday 178,385 and Saturday 290,536 (ABC audit three months ended 30 June 2013) and average readership is Monday-Friday 641,000 and Saturday 692,000 (emma™ conducted by Ipsos MediaCT, People 14+ for the 12 months ending June 2013, Nielsen Online Ratings June 2013, People 14+ only) – maintaining its position as one of the strongest performing newspapers in the country. In print over 1.3 million people will read The West Australian across the week, and more than two million people will access the publication either in print or online via website, tablet and mobile. (Source: emma™ conducted by Ipsos MediaCT for the 12 months ending June 2013).

Newspaper advertising revenue is down 16 per cent on the corresponding year due to softness in the overall advertising market and challenges confronting publishers, which have been widely documented. Circulation revenue of \$68.2 million grew 0.3 per cent compared to the prior year.

The Group continues to manage its newspaper business in this challenging environment achieving total cost savings of 6.8 per cent (a reduction of 7.4 per cent excluding depreciation and amortisation costs) over the past twelve months helping to offset the decline in advertising revenues. This was before significant items which included restructuring and redundancy costs relating to The West Australian Newspapers business. These restructuring costs will improve the future cost base.

The Future for The West

The development of The West Australian's digital presence is a primary focus.

It has successfully launched a number of new websites complementing the printed product and offering clients another advertising medium. These new sites, WestRealestate.com.au and WestAnnouncements.com.au, have performed strongly.

The objective is to manage and protect The West, preserving print economics while seeking and identifying new opportunities to utilise existing assets to create or secure scale in the digital space and develop new products to compensate for revenue declines within the existing publishing base.

The new circulation and distribution system being implemented will create significant and far reaching benefits for the business, both on the print side and as The West builds its digital presence.

Within The West's editorial department, a new content management system will allow cost-effective publishing to

multiple platforms in an automated fashion – that is, publish once on many platforms. People want both print and digital and they will be given that choice, recognising opportunities for the ongoing development of the capacity to engage with audiences beyond print.

The West has developed new products and new revenue streams that complement the existing publishing base, which have driven a number of new initiatives including the development of the events side of the business across investment seminars, home, lifestyle, health and travel expos to add to our already successful Leadership Events programme.

One new development is The West's "Point & Pay" system taking advantage of consumer use of companion experiences whilst reading papers.



Market Leadership

The West Australian drives the news agenda and reflects and shapes public opinion in Western Australia.

The Company's leadership is underpinned by investment in editorial and a commitment to reflect the lives of all West Australians. The West Australian is the highest selling, best-read print medium in Western Australia and also delivers the most-read news site: thewest.com.au.

Beyond The West Australian, the Company also publishes Western Australia's strongest portfolio of regional newspapers – with 23 titles.

The West's Steve Pennells was awarded the Gold Walkley, Australia's most prestigious journalism award. He also received Walkleys for best scoop of the year and social equity journalism for his coverage of an asylum seeker boat tragedy and for Gina Rinehart's feud with her children. Pennells has previously won Walkley Awards in 2006 and 2009.

The West is more closely aligning with Seven News in Perth, working together with Seven to create content across television, newspapers, magazines and online, and in marketing and cross promotion that builds audiences and readership across each of Seven West Media's platforms across Western Australia.

In the 2012-2013 financial year, the West Australian Newspapers group provided approximately \$2.2 million in advertising sponsorship to over 100 organisations. The recipients of this support included business, arts, charitable and sporting bodies, with which The West Australian has had longstanding relationships.

The West is working with Seven to create content across television, newspapers, magazines and online.

The West is morphing into a live transactional newspaper allowing readers to buy products instantly by scanning the page with their smart phone. The West's "Point & Pay" was recognised at this year's international newspaper publisher awards, with the INMA prize in the category of Best Marketing Solutions for Advertising Clients, defeating competition from many of the world's biggest publishing companies, including The New York Times.

These developments are being undertaken while focusing on the core business, The West. Continued strength of the print edition of The West Australian is fundamental. While The West's disciplined approach to cost management continues to deliver efficient management of operations and expenses, further efficiencies are being driven without impacting the content and quality of the newspaper.



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MIRACLE OR



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MAGAZINES PUBLISHING

Our magazines publishing business, Pacific Magazines, out-performs the overall magazine market, building overall readership and the largest circulation share increase of any magazine publishing company over the past twelve months.

Magazines

	FY13 (\$m)	FY12 (\$m)	Change (%)
Revenue			
Circulation	168.3	177.7	-5.3%
Advertising	77.5	97.7	-20.7%
Other	10.4	11.8	-11.8%
	256.2	287.2	-10.8%
Costs			
Depreciation and amortisation	7.0	8.9	-20.5%
Other costs	219.9	238.5	-7.8%
	226.9	247.4	-8.3%
EBIT	29.3	39.8	-26.6%



Financial Performance

Recent circulation figures confirm Pacific Magazines' leadership in Australian consumer magazine publishing, as the Company increased circulation and readership share in seven of the eleven categories in which it publishes: women's weeklies, home and gardening, women's lifestyle, fashion, teen, parenting, airline and entertaining.

Pacific Magazines, has delivered a positive performance in a challenging market – with EBITDA of \$36 million and EBIT of \$29 million. This was on revenue of \$256 million. EBITDA margin is 14.2 per cent (2012: 17.0 per cent) and EBIT margin is 11.4 per cent (2012: 13.9 per cent).

Revenue in the magazines division was impacted by weakness in the advertising market with advertising revenue of \$78 million down 20.7 per cent, although circulation revenue remains relatively robust, with only a 5.3 per cent decline year on year. Costs are down 8.3 per cent to \$226.9 million reflecting savings in almost all operating areas of the business.

Due to the sustained weakness in the magazine advertising market an impairment charge of \$221 million was recorded in the financial year against the carrying value of magazines' goodwill, mastheads and licences.

Leadership in Publishing

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

Pacific Magazines accounts for 33 per cent of magazines and 49 per cent of women's weekly magazines sold in Australia and our portfolio now reaches 6.9 million Australians aged 14+ every month. We sell approximately one million magazines every week.

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

Source: Readership – Roy Morgan Single Source Australia, June 2013 (except the 6.9 million monthly reach figure is based on March 2013 period). Circulation – ABC, June 2013.

The Future of Magazines

Every year Australians consume and pay for more than 200 million magazines, and we continue to rank amongst the highest consumers of magazines in the world. The majority of our revenues come from circulation and not from advertising, with the major portion of our circulation revenue coming from retail sales and not subscriptions.

These factors are driving the future development of our magazines business.

Our drive to digital editions allows us to take advantage of new channels for the delivery of our content, connect with audiences who may not buy the print edition of a magazine and create new opportunities to build revenues.

Our magazines are big, powerful, highly-engaged and market-leading brands. We have been Australia's best performing magazine publisher over the past seven years. The Company focuses on strong customer understanding, product leadership and operational efficiency, delivering a portfolio of titles acknowledged as one of the best in the world.

Building on these strengths, our objective is to build our magazine audiences through print, digital, social media, events and other media. Our focus has been to create magazines for key categories of interests, establishing within those categories, our brands as market leaders and always with an emphasis on print. This strategy has served us well and our new strategy builds and takes us to the next stage.

Our objective is to build revenues that are new and additional to our existing advertising and circulation revenues across multiple channels - including retail, direct, digital, and mobile.

To achieve this, our strategy is to transform the business and set in place a platform that can compete and thrive in the new media environment. This strategy is not about transitioning our business from print to digital. It is to immerse our brands around the interests of our audiences in order to create new revenue opportunities while maximising the profits of our existing core business.



The Company's flagship title, New Idea, is one of the top two most widely-read weekly magazines in Australia and over the past twelve months has secured the largest increase in readership of any magazine. Better Homes and Gardens is the country's leading integrated media brand across television, publishing, online and events, and is one of the top two most-read magazines in Australia.

Pacific+, the custom and corporate publishing arm of Pacific Magazines, is one of Australia's leading branded content and corporate communications agencies, producing magazines and corporate publishing solutions for many of Australia's biggest companies, including Virgin Australia and Toyota. Pacific+ has expanded its presence in publishing with Feast, a co-venture with SBS, and a cookbook spin-off from Seven's My Kitchen Rules. Feast continues to deliver a strong performance in a competitive category, up in readership over the past twelve months.

Our success in publishing is built on our brands and our content. We lead in circulation and readership in key publishing categories and we are committed to continuing growth and increasing market presence as we leverage our strengths in publishing across multi-media platforms and services that touch the lives of all Australians.

Pacific Magazines leads in key publishing categories and is building its brands and content across multi-media platforms beyond magazines

DIGITAL AND OTHER MEDIA ASSETS



We are recognised as a leader in the creation of content. Our objective is to build on our strengths in television and publishing to create new digital platforms that engage our audiences and build our revenues.

Yahoo!7 brings together the online assets of Yahoo! Inc including search and communications capabilities, a global internet network and the content creation and marketing strengths of Seven West Media. Engagement is strong with over 8 million Australians visiting Yahoo!7 each month. There were more than 90 million video streams over the year, and 3 million streamed episodes per month of Seven content on the PLUS 7 service.

Financial Performance

Digital and other businesses contributed \$15.7 million of EBIT down from \$16.6 million in the prior year. The decline related to the performance of Quokka, Community Newspaper Group and Yahoo!7 businesses. Impairment charges for Quokka and Yahoo!7 have been recorded in the year and included in significant items.

Performance

Our creation of programming and content that Australians want to watch, read or engage with forms the cornerstone of our plans for the development of our Company in an expanding digital landscape. We are recognised as the leader in the production of Australian television, we have market leadership in key magazine publishing categories and The West Australian's strengths in newspaper publishing. We also have in place the technology and the partnerships that will lead our future development in digital and interactive media, building on the underlying strengths of our television and publishing businesses.

Digital television, online and new communications technologies are changing the way all of us engage with content. Quite clearly, our strategies for development focus on extending our leadership in content creation and distribution to new delivery platforms and our future distribution centres on multi-channelling on broadcast



television and broadening our connection with Australians through evolving communications platforms and delivery mechanisms.

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

Yahoo!7 is also developing a number of market leading mobile experiences including the Seven News app and companion experience FANGO. FANGO is a free television check-in app for iPhone, iPad and Android that provides a way for television viewers to connect with and participate in television programmes. FANGO allows viewers to check-in to their favourite primetime programmes on broadcast television, allows viewers' friends to know what they are watching, allows users to chat about shows and also see what other people are saying about their favourite programmes. FANGO also includes programme-related trivia and polls and has the functionality to allow users to customise their FANGO experience to include Twitter and Facebook while a programme is being broadcast.

The companion television experience Seven and Yahoo!7 is offering with FANGO and its success confirms the increasing influence of social media with Seven planning an increasing focus on the introduction of more interactive and social elements into its broadcast television programming.

Future Development

Our greatest assets are our brands, our delivery platforms and our ability to reach our audience: mass and the individual. Our greatest strength is our content. Our future will be built on digital and our leadership as Australia's biggest audience company. While focusing on our market-leading media businesses, we will be driving new growth in a digital world, building businesses that fuel more audience and entrench leadership in new categories.

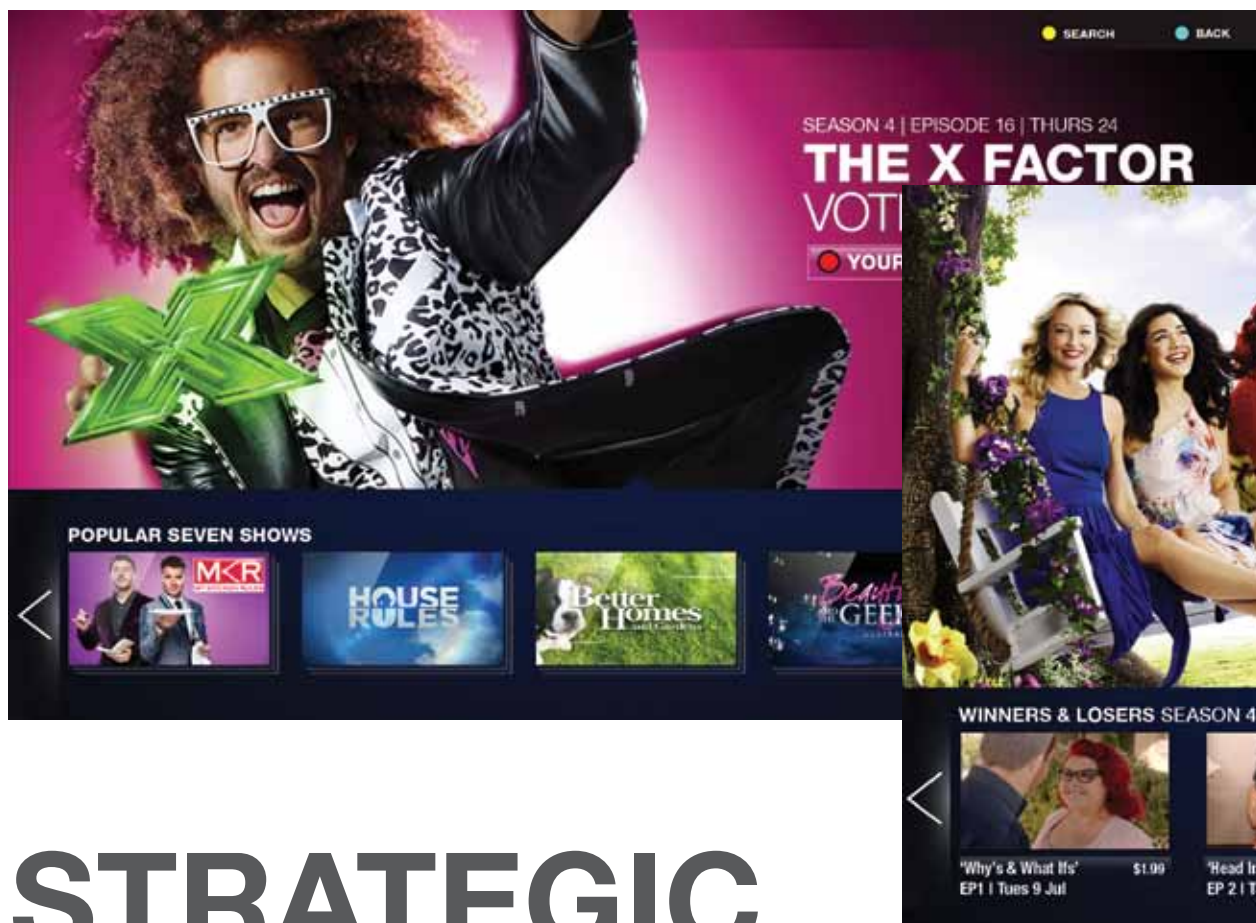
Our digital channels and digital assets form an ecosystem that supports a strategy where the primary channels remain the television screen, our market-leading magazines and The West Australian.

We are building from these strengths to deliver content across new platforms like Hybrid Broadcast Broadband Television, video on demand, streaming and new services. Our plans in digital also focus on a framework to fuel new growth and invest in and develop businesses that help and engage our audiences beyond our primary channels and allow us to take leadership positions in new sectors.

Our first investment as part of this strategy is into e-health, with HealthEngine, in partnership with Telstra. HealthEngine is Australia's leading online consumer health marketplace.

We plan to work closely together with Telstra to build HealthEngine into Australia's biggest patient and practitioner marketplace. HealthEngine already sees 450,000 unique visitors every month and continues to sign health practitioners nationally making it the leader in the health appointments space. This platform has the potential to become the default booking service for anyone wanting to visit a doctor, dentist and therapist and allows entry into telehealth and pharmanasales and invaluable data as we help our audiences seek the medical help they need.





STRATEGIC DEVELOPMENT

In May, Seven West Media detailed the implementation of a five year business plan to drive the Company's development. This business plan recognises that we are an audience company, delivering our content to those audiences across an array of platforms. It is a plan that recognises our record in the creation of content across broadcast television, publishing and new digital platforms.

The framework we put in place is based on 3 fundamental principles:

- Audience is critical and we must maintain leadership in all our current businesses. We will do this where possible through content we own or control.
- Redefining the operating model so we can be leaner and more agile but importantly without ever compromising the first principle of audience leadership or the quality of our content.
- Fuelling new growth in a digital world, building businesses that use the promotional power of our media assets and the audience and readership they attract, and entrench leadership in new categories.

We have made good progress on each of these elements:

Maintain Leadership – we are the leading TV network by revenue and audience share and the largest commercial producer of Australian television content. Our newspaper continues to lead

in Western Australia, and is delivering strong operating margins, and our online and magazine businesses are among the top domestic players in their respective categories.

Redefine the operating model – We continue to redefine our operating model to best position our businesses to maintain and enhance their value for audiences and advertisers. We have implemented the cost programmes we outlined earlier this year, which can be seen in the current year financials and underpin our cost base for FY14. We have completed a review of all procurement agreements across the group and implemented best practice expense policies. In addition, work has commenced in identifying the next phase of the programme which will further enhance our performance in FY14 and into future years.

Fuel new growth – The third element of our strategy is to fuel new growth for our business through broader utilisation of our content, commercialising our audience and making small investments into adjacent verticals. In May, we announced our first adjacent vertical investment in HealthEngine – Australia's leading health appointments marketplace – which we have since completed with Telstra. Our review of other suitable adjacent vertical opportunities that offer incremental revenue potential is ongoing.

Across all three of these strategies we are putting digital delivery and engagement with our audiences at the core of our thinking, not something on the side. Our additional channels



and digital assets form an ecosystem that supports a strategy of strengthening our broadcast television network, and magazines and newspaper publishing.

This strategic framework is designed to address the key risks to our business:

- Approximately 80 per cent of group revenue sourced from advertising which is subject to cyclical and/or structural impacts and ratings performance
- Decline in circulation revenues due to increasing changes in the consumption of media
- Management of a largely fixed cost base for the television business
- Other changes to technology which may impact our audience share

Performance Objectives

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

We are also deeply focused on cost management and developing greater synergies across our businesses as we manage difficult trading conditions and put in place the plans for the further development of Seven West Media Limited. The Company also intends to bring together technology, IT and technical services to systematically transition to digital workflows, asset management and new cloud solutions.

We recognise we need to be much leaner in the new world. The change we have been driving internally is substantial and based on a blueprint for the operating model for the future; with a focus on people and performance, in particular remuneration, performance management and cultural change.

The third pillar of our strategic framework is to fuel new growth through the development of our presence in new digital delivery technologies. Broadcast television, magazines and newspapers are our core strengths and through the internet, through mobiles, laptops or tablets, consoles, boxes or even through new smart televisions allow us to have 1:1 conversations with our audiences. We are planning to offer catch up, forward, on demand viewing, even targeted advertising with the arrival of Hbb TV. Barriers to entry are reducing every day and we plan to drive further access to our magazine and newspaper content by launching and promoting electronic versions.

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 media in Australia and the resources services sector in Australia and China. Mr Stokes has held this position since April 2010. He is also Chairman of Australian Capital Equity Pty Limited, which has significant interests in media and entertainment, as well as 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.

Don Voelte AO **Non-executive Deputy Chairman**

Mr Voelte was appointed Deputy Chairman of the Board with effect from 1 July 2013 and is also Chairman of Nexus Energy.

Mr Voelte held the position of Managing Director & Chief Executive Officer of Seven West Media Limited from 26 June 2012 to 30 June 2013. Mr Voelte has been a Director of Seven West Media Limited, and prior to the formation of Seven West Media Limited, West Australian Newspapers Holdings Limited since December 2008.

Mr Voelte is currently the Managing Director & Chief Executive Officer of Seven Group Holdings Limited, a position he has held since 1 July 2013. He is also Chairman of Coates Group Holdings Pty Limited.

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

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

Mr Voelte was awarded the Officer of the Order of Australia (AO) in 2012, for service to the Australian LNG industry and contribution to education and the arts in Perth.

Mr Voelte was appointed to the Board on 11 December 2008.

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 Limited since December 2007.

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

Dr Michelle Deaker **Non-executive Director**

Dr Michelle Deaker is the Managing Partner of OneVentures, an Australian venture capital firm recognised for its leadership and focus on business operational and entrepreneurial experience. The firm's interest is in technology companies that serve or disrupt large high growth global markets. OneVentures manages a \$40 million Innovation Investment Fund and two co-investment funds.

Dr Deaker has extensive experience in the development of high growth technology companies, a strong background in Australian R&D and expertise in international business expansion.

Dr Deaker established OneVentures in 2006, coming into the venture capital industry as a successful IT industry business owner and entrepreneur. The company she founded in 1999, E Com Industries (giftvouchers.com), became the leading prepaid card and electronic voucher provider in Australia, servicing over 100 major retail brands including Coles Myer and Woolworths, managing

\$700m in Australian retail liability and eventually expanding operations into the UK, South Africa and New Zealand. E Com was acquired by UK publicly listed company, Retail Decisions, in 2005.

Dr Deaker serves on the Board of NICTA, Australia's National ICT Centre of Excellence. Dr Deaker is also a Non-Executive Director of OneVentures Innovation Fund portfolio companies, Smart Sparrow (educational technology) and Incoming Media (mobile technology), is a member of the AVCAL Venture Capital working group 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 Master's 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.

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 Limited 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. He is a Director of the Export Finance and Insurance Corporation (EFIC), The Shane Warne Foundation, and the Melbourne Stars. Mr

Evans is also a member of the Victorian Police Corporate Advisory Group and the State Library of Victoria.

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

Doug Flynn **Non-executive Director**

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

Mr Flynn was appointed Chief Executive of newspaper publisher Davies Brothers Limited in 1987. The company was acquired by News Corporation in 1989. During his career at News Limited Group, Mr Flynn held positions as Deputy Managing Director of News International Newspapers Ltd, Director of News International Plc., and Managing Director of News International Plc.

Mr Flynn then held Chief Executive positions with Aegis Group Plc. and Rentokil Initial Plc. in London, before returning to Australia in 2008. Mr Flynn has been a Director and Chairman of the Board of Konekt Limited since July 2012. Konekt Limited is the largest private sector provider of workplace health and risk management solutions.

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

Mr Flynn was appointed to the Board on 6 August 2008.

BOARD OF DIRECTORS (continued)

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 Limited, 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.

Graeme John AO **Non-executive Director**

Mr John was Managing Director of Australia Post from 1993 to 2009. He is a Fellow of the Chartered Institute of Transport and a Member of the Australian Institute of Company Directors. He is a Board member of Racing Victoria and has been a Director of Aurizon Holdings Limited since September 2010.

Mr John's former positions include AFL Commissioner, Trustee of the Melbourne Cricket Ground, Chairman of the Board of the Kahala Posts Group, Board member of the International Post Corporation (Netherlands), and Vice-Chairman of Sai Cheng Logistics International (China), a joint venture with China Post.

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

Mr John was appointed to the Board on 3 December 2008.

Justin Reizes **Non-executive Director**

Justin Reizes is a Member of Kohlberg Kravis Roberts & Co L.P. (together with its affiliates, "KKR") and is the head of its Australian office. He joined KKR's London office in 1999, then moved to its Hong Kong office in 2005, Tokyo in 2006 and Sydney in 2008. Since moving to Asia, he has been actively involved in developing KKR's Asian operations. He is currently on the Board of Directors of BIS Industries and Genesis Care Pty Limited and was a Board member of Seven Media Group from 2006-2011.

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

Mr Reizes was appointed to the Board on 19 April 2011 and will remain a Director until the Company's 2013 Annual General Meeting.

Ryan Stokes **Non-executive Director**

Mr Ryan Stokes is Chief Executive Officer of Australian Capital Equity Pty Limited (ACE) and Chief Operating Officer of Seven Group Holdings Limited. Mr Stokes was appointed an Executive Director of ACE in 2001 and CEO in April 2010. ACE is a private company with its primary investment being an interest in Seven Group Holdings (SGH). He has been an Executive Director of Seven Group Holdings Limited since February 2010, and was appointed Chief Operating Officer in 2012.

Mr Stokes is also a Director of Iron Ore Holdings Limited (IOH) and WesTrac Pty Limited and has extensive experience in China, having developed relationships with various mining and media companies over the past 13 years. Mr Stokes was Executive Director then Chairman of Pacific Magazines from 2004 until 2008 and previously a Director of Yahoo!7 from inception in 2006 until 2013.

Between 10 September 2009 and 19 November 2012, Mr Stokes was a Director of Consolidated Media Holdings Limited. Chairman of SGH Communications Pty Limited (formerly

Engin Limited, which was delisted on 8 August 2011); appointed a Director on 31 October 2006.

Mr Stokes is Chairman of the National Library of Australia, a position he has held since July 2012 and is a Director of the Australian Strategic Policy Institute.

Mr Stokes is the former Chair of Australia's National Youth Mental Health Foundation (Headspace), a Federal Government initiative established in 2006. Mr Stokes was also a former member of the International Olympic Committee's Radio and Television Commission.

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

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

Warren Coatsworth **Company Secretary**

Mr Coatsworth has been Company Secretary since 24 April 2013.

Solicitor holding a current practising certificate with degrees in Arts and Law (Hons) from the University of Sydney. Company Secretary of Seven Group Holdings Limited since April 2010. Company Secretary of Seven Network Limited since July 2005. Legal Counsel with Seven Network Limited for the past thirteen years, advising broadly across the Company, and 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 Chartered Secretaries Australia.

Michael Ellis **Company Secretary**

Mr Ellis has been Company Secretary since 11 February 2013.

Mr Ellis is General Manager of Finance of the Company's operations in WA. He joined the West Australian Newspaper Group, the predecessor to Seven West Media, in February 2010, as Group Financial Controller. Prior to joining WAN, he held various management roles within a Chartered Accounting firm.

Mr Ellis is a Director of the Community Newspaper Group and a member of the Institute of Chartered Accountants in Australia.

Corporate Governance Statement

FOR THE YEAR ENDED 29 JUNE 2013

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 ASX Corporate Governance Council Corporate Governance Principles and Recommendations 2nd Edition ("ASX Recommendations").

The documents marked with an * below have been posted on the Company's website at sevenwestmedia.com.au or copies may be requested from the Company Secretary. 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

The Board Charter

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:

- charting the direction, strategies and financial objectives of the Company and ensuring appropriate resources are available;
- monitoring the implementation of policies and strategies and the achievement of financial objectives;
- monitoring compliance with control and accountability systems, regulatory requirements and ethical standards;
- ensuring the preparation of accurate financial reports and statements;
- reporting to shareholders and the investment community on the performance and state of the Company; and
- reviewing on a regular and continuing basis:
 - o executive succession planning (in particular for the Chief Executive Officer); and
 - o executive development activities.

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

- appointment and removal of the Chief Executive Officer;
- approval of annual budget;
- calling of shareholder meetings;
- monitoring capital management and approval of major capital expenditures in excess of authority levels delegated to management; and
- approval of the acquisition, establishment, disposal or cessation of any significant business of the Company.

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 website.

Further details regarding the Audit & Risk Committee and the Remuneration & Nomination Committee are set out later in this Corporate Governance Statement.

Management of the Company

Subject to oversight by the Board and the exercise by the Board of functions which it is required by law to carry out, it is the role of management to carry out functions that are delegated to management by the Board as it considers appropriate as well as those functions not specifically reserved to the Board, 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 Board has established a framework for the management of the Company which includes a system of internal control, a business risk management process and the establishment of appropriate ethical standards for Directors and employees. The Company has also implemented a Delegated Authority Policy delegating to management 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 disclosed herein and set out in the Board Charter, are subject to ongoing review to ensure that the division of functions remains appropriate.

For information about the process for performance evaluation of senior executives, please see the discussion under "Principle 2 – Structure the Board to Add Value" and the information below of this Annual Report.

Corporate Governance Statement

FOR THE YEAR ENDED 29 JUNE 2013

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Board composition and independence

The Board currently comprises ten Non-executive Directors, including the Chairman and Non-executive Deputy Chairman. The Board consists of an equal number of independent and non-independent Directors. The Board acknowledges the ASX Recommendation that a majority of the Board should be independent directors. However the Directors believe that they are able to objectively analyse the issues before them in the best interests of all shareholders and in accordance with their duties as Directors. The Board considers that the individual Directors make highly-skilled decisions in the best interests of the Company, despite the Board not comprising a majority of independent Directors. Nonetheless, the Board continues to search for appropriately qualified and experienced individuals to join the board as independent Directors. Accordingly, during the year, the composition of the Board was reviewed by the Board and an additional independent Director, Mr John Alexander, was appointed. The Board had regard for Mr Alexander's experience and expertise across all forms of media in making the appointment.

In determining whether a Director is independent, the guidelines contained within Principle 2 of the ASX Corporate Governance Principles and Recommendations are applied. In assessing if a supplier or customer is a material supplier or customer, the principles of "Materiality", contained in AASB 1031, are applied.

Mr Stokes AC, Mr Voelte AO, Mr Gammell and Mr Ryan Stokes are not regarded as independent within the framework of the guidelines 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. In Mr Voelte's case, his former executive position of Managing Director & Chief Executive Officer within the Company also prevents him from being regarded as independent within the framework. Mr Stokes AC, Mr Voelte AO, Mr Gammell and Mr Ryan Stokes have lodged Standing Notices of Interest, in relation to their positions with Seven Group Holdings Limited, with the Company. These notices have been tabled at a Board meeting, in accordance with the requirements of section 192 of the Corporations Act.

Mr Reizes is not regarded as independent within the framework of the guidelines because of his position within Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, "KKR"), which was a major shareholder of Seven West Media Limited until 27 May 2013, when its shareholding was sold. Mr Reizes has lodged a Standing Notice of Interest in relation to his position with KKR, with the Company. This notice has been tabled at a Board meeting, in accordance with the requirements of section 192 of the Corporations Act.

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

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 firmly believes that Mr Stokes' experience and skills, particularly with regard to his long term association with the various media businesses of the Company, coupled with the existence of a clear and accepted conflict of interest protocol, have delivered a structure which will best achieve the Company's objectives.

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 and diversity, including a deep understanding of the media industry across multiple channels, as well as corporate management and operational, safety and financial matters. Directors devote significant time and resources to the discharge of their duties.

Directors also have the right to seek independent professional advice at the expense of the Company.

Review of the Board, its Committees and individual Directors

As set out in the Board Charter, the Board undertakes an annual performance evaluation of itself that compares the performance of the Board with the requirements of its Charter and effects any improvements deemed necessary or desirable.

The Chairman closely monitors the performance and actions of the Board and its Committees and meets with individual Board members during each 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. For the purposes of his own performance evaluation, the Chairman meets with the Non-executive Deputy Chairman and a senior independent Director. 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 the respective Committees also monitor and evaluate the performance of the 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.

Corporate Governance Statement

FOR THE YEAR ENDED 29 JUNE 2013

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

Additionally, during the financial year the Board considered succession planning in relation to the position of Chief Executive Officer. As announced to ASX on 21 May 2013, Mr Tim Worner was appointed Chief Executive Officer of the Company and Mr Don Voelte AO transitioned from the position of Managing Director & Chief Executive Officer to the role of Non-executive Deputy Chairman of the Company effective on 1 July 2013.

Since the end of the financial year, the Board has reviewed its Committees and on 21 August 2013 appointed Mr David Evans to the Audit & Risk Committee and appointed Mr John Alexander to the Remuneration & Nomination Committee as its Chair. As at the same date, Mr Kerry Stokes AC resigned from the Remuneration & Nomination Committee.

Directors

Details regarding the skills, experience and expertise of the Company's Directors and the period of office held by each Director in office are set out in the Directors' Report on pages 24 to 26.

Meetings of the Board of Directors and Board Committees

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 29 June 2013, and the numbers of Board and Committee meetings held and attended by each Director are set out in the Directors' Report on page 38.

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 8 – Remunerate Fairly and Responsibly".

The Remuneration & Nomination Committee periodically reviews the composition of the Board to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, potential candidates may be identified by the Committee. Internal recommendations and advice from external consultants may be sought. Again, in considering any new Board appointments, the Board is seeking to achieve an appropriate mix of skills and diversity, including a deep understanding of the media industry, corporate management, and operational, safety and financial matters.

Following the appointment of non-executive Directors, key terms and conditions relating to the appointment are set out in formal engagement letters.

Directors appointed as casual vacancies hold office until the next General Meeting and are then eligible for election. The Notice of Meeting for the Annual General Meeting discloses other key current directorships of Director candidates standing for election, as well as other appropriate biographical details and qualifications.

To ensure they have a full understanding of the Company and its operations, Board appointees are inducted through a briefing with the Chairman, discussions of the Company's corporate governance (including its policies and procedures) with the Company Secretary, visits to key business sites and meetings with senior Company executives.

The date at which each Director was appointed to the Board is announced to ASX and is provided in the Directors' Report on pages 24 to 26.

During the financial year, Mr John Alexander was appointed following consideration by the full Board of the personal and professional criteria which are required to discharge competently the Board's duties, having regard to the Company's performance, financial position and strategic direction. Mr Alexander's appointment was announced to ASX on 2 May 2013.

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 Company 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.

In addition to an induction process for new Director appointments, Directors variously 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 Company's business activities, industry and regulatory developments.

The Company Secretary is charged by the Board to support the Board's effectiveness by monitoring that Company policies and procedures are followed, and coordinating the timely distribution of Board and Committee agendas and briefing materials.

Corporate Governance Statement

FOR THE YEAR ENDED 29 JUNE 2013

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.

Performance Evaluation of senior executives

The Chief Executive Officer and the Chief Financial Officer are employed pursuant to engagement agreements which include formal job descriptions.

Throughout the financial year, the Board commissioned and oversaw the implementation of a Senior Executive development program, which included assessment of key competencies of the Senior Executive team, as well as training and mentoring of executives.

The process adopted by the Company to evaluate the performance of senior executives is documented within the Remuneration Report on page 40. The performance evaluation process is carried out annually and forms part of the determination of appropriate performance bonus payments. The Chief Executive Officer is invited to Remuneration & Nomination Committee meetings, as required, to discuss management performance and remuneration packages (although he is not present for discussion relating to his own performance or remuneration).

A performance evaluation of senior executives in accordance with the process adopted by the Company was carried out during the year.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

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* 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 to the Company and requires employees to avoid conflicts of interest, misuse of Company property and accepting or offering inappropriate gifts.

The Board has implemented a number of other policies and procedures to promote ethical behaviour and responsible decision making, including the following:

- Continuous disclosure policy*
- Share Trading policy*
- Group Editorial policy*
- Diversity policy*
- Issue Escalation policy (currently an 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, including 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 in the policy. The policy establishes blackout periods during which shares cannot be traded, except as outlined in the policy, and raises awareness of the insider trading laws. In addition to the policy, individual Directors are required to sign a disclosure of interest's agreement upon their appointment to the Board. This document specifically requires Directors to advise the Company Secretary of all transactions in the Company's shares.

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

Corporate Governance Statement

FOR THE YEAR ENDED 29 JUNE 2013

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 Seven West Media 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 2013. "Senior executive positions" refer to senior management positions which are levels one and two below the Chief Executive Officer.

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

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

An executive development program has been trialled with key women in the Group in the 2013 financial year.

Annual succession planning initiatives

In 2013, our succession planning process continued to include a requirement for diversity initiatives to be considered.

Employee turnover and parental leave return statistics

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

	Women	Men	< 25 years	25 years – 34 years	35 years – 44 years	45 years – 54 years	> 55 years
Total	14%	7%	16%	48%	19%	10%	8%

The percentage of employees who returned from parental leave during 2013 (as a percentage of the total number of employees whose parental leave entitlement ended during 2013) was 66%.

Proportion of women

Group	Number of women	Total number of employees/officers	Proportion of women
In the Company	2,636	4,981	53%
Key Management Personnel executives (as set out in Section 2a of the remuneration report)	1	9	11%
In senior executive positions	17	51	33%
On the Board	1	10	10%

Additionally, the Company has posted its Workplace Gender Equality Act Public Report for 2012 – 2013* on its website.

Corporate Governance Statement

FOR THE YEAR ENDED 29 JUNE 2013

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit & Risk Committee

During the financial year, the Committee comprised the following members, all of whom are independent Directors except for Mr Gammell:

- SMC Walsh AO (Chairman) (resigned 30 January 2013)
- DR Flynn (Acting Chairman subsequent to Mr Walsh's resignation)
- PJT Gammell
- Dr ME Deaker

The Board believes the ASX Recommendations are satisfied as regards the composition and technical expertise of the Audit & Risk Committee and its members. Details of the qualifications of Committee members are set out on pages 24 to 26. The number of Committee Meetings held during the reporting period, as well as Committee Members' attendance, is set out in the Directors' Report at page 38.

Since the end of the financial year, the Board has reviewed its Committees and on 21 August 2013 appointed Mr David Evans to the Audit & Risk Committee.

The Audit & Risk Committee Charter* sets out that the Committee's key objectives include:

- Assist the Board to discharge its responsibilities to exercise due care, diligence and skill in relation to the Company's:
 - o reporting of financial information;
 - o application of accounting policies;
 - o financial management;
 - o internal control systems;
 - o risk management;
 - o protection of the Company's assets; and
 - o compliance with applicable laws, regulations, licences, standards and best practice guidelines.
- Improving the credibility and objectivity of the accountability process, including financial reporting.
- Provide a formal forum for communication between the board and senior financial management.
- Improve the quality of internal and external reporting of financial and non-financial information.

The Charter also provides that it is the Committee's role includes monitoring, investigating and making recommendations to the Board with respect to:

- Considering the appropriateness of the Company's accounting policies and principles and any changes, as well as the methods of applying them, ensuring that they are in accordance with the stated financial reporting framework.
- Assessing significant estimates and judgements in financial reports as well as information from internal and external auditors that affects the quality of financial reports (including the form of the External Audit opinion).
- The review of related-party transactions.

The Internal and External auditors, the Chief Executive Officer and the Chief Financial Officer are invited to meetings of the Committee.

External Audit function

In relation to the External Audit function, the Audit & Risk Committee is charged under its Charter to:

- Make recommendations to the Board on the appointment, remuneration and monitoring of the effectiveness and independence of the External Auditor.
- Together with the External Auditor, review the scope of the external audit (particularly the identified risk areas) and any additional agreed-upon procedures on a regular and timely basis.

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

The Board has adopted an External Audit Policy* which deals with the appointment of the External Auditor, rotation of engagement partners and approval of additional assignments to the External Auditor.

Corporate Governance Statement

FOR THE YEAR ENDED 29 JUNE 2013

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

The Company requires that the external audit firm rotates the engagement partner in accordance with accepted best practice, bearing in mind the relationship between rotated audit partners and the need for auditor independence.

The role of the Committee is also to advise on the establishment and maintenance of a framework of internal control for the management of the Company, to ensure that the Company has an effective risk management system in order for risks to be identified and managed effectively. The Audit & Risk Committee's key responsibilities in respect of its risk function are set out below under "Principle 7 – Recognise and Manage Risk".

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

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

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

The Company recognises the right of shareholders to be informed of matters which affect their investment in the Company and has adopted a Shareholder Communication Policy*.

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs by promoting 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. 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 thereon.

The Company's website provides additional information about the Company, including its Corporate Governance policies. 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.

On 8 May 2013 senior executives of the Company gave an Investor Day presentation which provided further information concerning the Company, its operations and strategies. The presentation was webcast live on the Company's website and archived on the Company's website thereafter. The Investor Day presentation slides were lodged with ASX prior to the commencement of the presentation.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Risk oversight and management

The Board acknowledges that the management of business and economic risk is an integral part of the Company's operations. The Company has adopted policies and procedures for the oversight and management of material business risks, including the Board's establishment of the Audit & Risk Committee. The Board requires management to design and implement a risk management and internal control system to manage the entity'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. The respective roles of the Board, the Audit & Risk Committee, and Management in relation to the oversight and management of risk are described in more detail below.

Corporate Governance Statement

FOR THE YEAR ENDED 29 JUNE 2013

Risk management function of the Audit & Risk Committee

The Board has established an Audit & Risk Committee. As mentioned under “Principle 4 – Safeguard Integrity in Financial Reporting” the Committee comprises Mr Doug Flynn (Acting Chairman subsequent to Mr Walsh’s resignation), Mr Peter Gammell and Dr Michelle Deaker, with Mr David Evans appointed to the Committee on 21 August 2013.

In relation to the Company’s risk management function, the Committee’s role includes:

- Supporting the development of a strong risk culture that promotes the identification of risk and the consistent application of the risk management process through requiring management to provide regular risk updates and challenging the information put forward by management as necessary to ensure that risks are being effectively managed.
- Conducting detailed review of the risk assessment criteria established for SWM and its entities to ensure alignment with organisational risk tolerance.
- Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
- Reviewing periodically the debt management strategy in the treasury management of the Company.

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 Corporate Governance Council’s Principles and Recommendations.

Under the policy, detailed risk reviews are performed every six months. The criteria of the reviews, together with a comprehensive list of all risks considered very high and high, and the risk management strategy, are reported to the Audit & Risk Committee and the Board. The risk reviews are conducted and maintained by senior executives within key business divisions of the Company, as well as those senior executives with group wide responsibilities, under the management of the Company Secretary. Once a major risk is identified, management assesses and reports, for the Audit & Risk Committee’s and the Board’s review, the risk controls and risk treatments that are in place. External advice is obtained as appropriate.

The six monthly risk reviews described above build upon a Strategic Risk Assessment which was commissioned through the Audit & Risk Committee and facilitated by an external consultant in workshops with senior executives of the Company. The Strategic Risk Assessment identifies, assesses, ranks and updates the main strategic risks, including material business risks, facing the Company in respect of which management formulates and records the internal risk controls implemented for those risks.

Internal Control Framework

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

Internal audit

The Company has established an Internal Audit function which reports directly to the Chairman of the Audit & Risk Committee, and is responsible for monitoring, investigating and reporting on the internal control systems.

In relation to the Company’s Internal Audit function, the Audit & Risk Committee is charged under its Charter to:

- Review the Internal Auditor’s mission, charter and resourcing (including qualifications, skills, experience, funding and equipment).
- Review and approve the scope and monitor the progress of the Internal Audit plan and work program.
- Monitor and critique management’s responsiveness to Internal Audit’s findings and recommendations.

Throughout the financial year the Audit & Risk Committee fulfilled the responsibilities and the Internal Auditor presented detailed Internal Audit reviews to the Committee in accordance with the approved Internal Audit plan.

Financial reporting

The Company maintains a comprehensive budgeting system with an annual budget reviewed by the Audit & Risk Committee and 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. The Company reports to the Australian Securities Exchange (ASX) on a half yearly basis - see “Principle 5 – Make Timely and Balanced Disclosure” above.

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 environmental, diversity, legal and health and safety matters.

Corporate Governance Statement

FOR THE YEAR ENDED 29 JUNE 2013

Declaration of Chief Executive officer and Chief Financial Officer

The Chief Executive Officer and Chief Financial Officer are required to state in writing to the Board that:

- the risk management and internal compliance and control systems are operating effectively and efficiently in all material respects in relation to financial reporting risks; and
- that the Company's financial reports represent a true and fair view, in all material respects, of the Company's financial condition and operational results in accordance with the relevant accounting standards and in accordance with section 295A of the Corporations Act.

The Board received these written statements from the Chief Executive Officer and the Chief Financial Officer with respect to the financial year ending 29 June 2013.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

The objective of the remuneration process is to ensure that remuneration packages properly reflect the duties and responsibilities of the employees and that the remuneration is at an appropriate but competitive market rate which enables the Company to attract, retain and motivate people of the highest quality and best skills from the industries in which the Company operates. This policy provides for the Chief Executive Officer to consider the remuneration packages paid within the industry and the impact that employees are expected to have on the operational and financial performance of the Company.

The Company conducts annual employee performance reviews, involving a written questionnaire, discussion between employee and manager of employee competencies and the agreement of performance goals for the employee.

The remuneration of the Non-Executive Directors of the Board is restricted, in aggregate, by the Constitution of the Company and the requirements of the Corporations Act. Fees for Directors are set out in the Remuneration Report.

In light of the ban on hedging remuneration of Key Management Personnel now found in the Corporations Act, the Company does not consider it necessary to establish a separate policy in relation to entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under an equity based remuneration scheme.

Remuneration & Nomination Committee

To assist in the adoption of appropriate remuneration practices, the Board has established a Remuneration & Nomination Committee. The Committee Charter* sets out the role and responsibilities of the Committee. During the financial year the Committee comprised the following members, half of whom are independent Non-executive Directors (Dr Deaker, Mr Evans and Mr John AO):

- KM Stokes AC (Chairman)
- D Evans
- Dr ME Deaker
- GT John AO
- JC Reizes
- RK Stokes

The number of Committee Meetings held during the reporting period, as well as Committee members' attendance at those meetings, is set out in the Directors' Report at page 38.

Mr Kerry Stokes AC acted as Chairman of the Committee during the financial year. The Remuneration & Nomination Committee Charter provides that the Chairman of the Board may be Chairman of the Committee. The Board acknowledges the ASX Recommendation that a majority of Committee members, as well as the Chair, of a Remuneration Committee should be independent. However, the composition of the Remuneration & Nomination Committee, including the Chair, was considered appropriate in order for the Company to gain the maximum benefit of their experience and expertise in relation to an ambitious program of human resource-related matters and reviews undertaken by the Committee. These reviews have been integral to driving efficiencies and reviewing business processes across the Company.

Corporate Governance Statement

FOR THE YEAR ENDED 29 JUNE 2013

The Committee recently completed its consideration of and recommendations relating to performance-linked remuneration for the financial year. With the Committee having completed its primary functions for current reporting period, the Board considered it an appropriate time to review the composition of the Committee, which from 21 August 2013 comprises:

- J Alexander (Chairman)
- D Evans
- Dr ME Deaker
- GT John AO
- JC Reizes
- RK Stokes

The Board believes the Remuneration & Nomination Committee as currently comprised satisfies the ASX Recommendations that the Chair of the Committee should be an Independent Director and that the Committee consist of at least three members a majority of whom are Independent (Mr Alexander, Dr Deaker, Mr Evans and Mr John AO).

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

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

During the financial year the employment arrangements of the Chief Executive Officer, Mr Tim Worner, was considered in full Board meeting and was approved and recommended to the Board by the Remuneration & Nomination Committee. The Board considered that the employment and remuneration arrangements for the Chief Executive Officer are reasonable for the Company to offer in the circumstances of the Company and having regard to the duties and responsibilities of the Chief Executive Officer. The key terms of Mr Worner's employment arrangements as Chief Executive Officer were announced to ASX on 21 May 2013.

The Remuneration & Nomination Committee met after the end of the financial year to review and recommend to the Board performance-linked remuneration for Key Management Personnel. This process is summarised in the Remuneration Report.

Further details of Directors' and executives' remuneration, superannuation and retirement payments are set out in the Remuneration Report which forms part of the Directors' Report and notes 26 and 30 to the Financial Statements. The Board's remuneration policy and a discussion of the differing structures of non-executive Directors and senior executives' remuneration are also discussed in the Remuneration Report throughout sections 1 to 5.

Directors' Report

FOR THE YEAR ENDED 29 JUNE 2013

Your Directors present their report on the Group consisting of Seven West Media Limited and the entities it controlled at the end of, or during, the year ended 29 June 2013.

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 (appointed 1 July 2013 - formerly Managing Director & Chief Executive Officer to 30 June 2013)
- JH Alexander (appointed 2 May 2013)
- Dr ME Deaker (appointed 21 August 2012)
- D Evans (appointed 21 August 2012)
- DR Flynn
- PJT Gammell
- GT John AO
- JC Reizes
- RK Stokes (appointed 21 August 2012)
- SMC Walsh AO (resigned 30 January 2013)

BI McWilliam and EJM Bostock are Alternate Directors to PJT Gammell and JC Reizes respectively. Alternate Directors do not receive any additional remuneration for acting as an Alternate Director. WW Coatsworth and MJ Ellis are the current Company Secretaries.

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. There were no significant changes in the nature of the Group's principal activities during the financial year.

Operations, financial position, business strategies and future prospects

Information on the Company's operations, financial position, business strategies and prospects for future financial years has been included in the "Operating and Financial Review" on pages 4 to 23.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Mr Tim Worner was appointed Chief Executive Officer of the Company with effect from 1 July 2013.

Mr Don Voelte AO resigned as Managing Director & Chief Executive Officer of the Company with effect from 30 June 2013. Mr Voelte accepted the role of Deputy Chairman of the Board from 1 July 2013.

Except for the change of Chief Executive Officer and appointment of Deputy Chairman, there are no other matters or circumstances which have arisen since 29 June 2013 that have significantly affected or may significantly affect:

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

Directors' Report

FOR THE YEAR ENDED 29 JUNE 2013

Meetings of directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 29 June 2013, and the numbers of meetings attended by each Director were:

	Meetings of Directors		Audit and Risk		Remuneration and Nomination	
	(a)	(b)	(a)	(b)	(a)	(b)
Directors						
KM Stokes AC	10	10	2	2	6	5
JH Alexander ~	4	4	–	–	–	–
Dr ME Deaker *	9	9	4	4	5	5
D Evans *	9	7	–	–	5	4
DR Flynn	10	10	5	5	–	–
PJT Gammell	10	10	5	5	–	–
GT John AO	10	10	–	–	6	6
JC Reizes	10	10	–	–	6	6
RK Stokes *	10	10	3	3	5	5
DR Voelte AO	10	10	5	5	5	5
SMC Walsh AO #	4	4	2	2	–	–
Alternate directors						
EJM Bostock	–	–	–	–	–	–
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

* Appointed a Director on 21 August 2012

~ Appointed a Director on 2 May 2013

Resigned as a Director on 30 January 2013

Unissued Shares under Options

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	1,749,376	22 August 2015
Seven West Media Performance Transitional Equity Grant	219,206	1 October 2014
Long term Incentive Plan – Chief Executive Officer of West Australian Newspapers	111,067	3 August 2015/12 August 2016

For names of the Directors and Key Management Personnel who currently hold options granted through these schemes refer Note 26 and Note 30 of the Financial Statements. Any other executives who hold options under the Seven West Media Performance Transitional Equity Grant are entered in the Register of Options kept by the Company pursuant to Section 170 of the Corporations Act.

Directors' Report

FOR THE YEAR ENDED 29 JUNE 2013

Dividends – Seven West Media Limited

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

	2013 \$'000	2012 \$'000
Final ordinary dividend for the year ended 30 June 2012 of 6 cents (2011 - 26 cents) per share paid on 12 October 2012	59,887	158,389
Interim ordinary dividend for the year ended 29 June 2013 of 6 cents (2012 - 19 cents) per share paid on 2 April 2013	59,888	122,490
	119,775	280,879

In addition to the above dividends, since the end of the 2013 financial year the Directors have declared the payment of a final ordinary dividend of 6 cents per share, to be paid on 11 October 2013.

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 emissions under the National Greenhouse and Energy Reporting Act (2007) and is actively working towards reduction of Scope 1 emissions as well as the Scope 2 and 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, rights and options issued by the Company.

	Performance Rights or Options	Number of convertible preference shares	Number of ordinary shares
Directors			
KM Stokes AC	–	2,500	353,555,298
JH Alexander	–	–	–
Dr ME Deaker	–	–	14,892
D Evans	–	–	398,660
D Flynn	–	–	78,578
PJT Gammell	–	–	187,409
GT John AO	–	–	103,804
JC Reizes	–	–	36,813
RK Stokes	–	–	136,887
DR Voelte AO	–	–	150,638
Alternate directors			
EJM Bostock	–	–	–
BI McWilliam	227,272	–	611,044

Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

Message from the Board

Dear Shareholders

Executive remuneration outcomes and key developments

Seven West Media Limited's revenue in the 2013 financial year (FY13) decreased from \$1,937 million to \$1,866 million and earnings per share decreased from 33.3 cents to -7.1 cents. Profit before significant items, net finance costs and tax (EBIT) for the Group was \$422 million which was slightly ahead of market guidance. As such, the Company and Group's financial performance, which is the basis for measuring executive performance, fell short of the Company's original targets and, accordingly, executive variable remuneration outcomes in FY13 were modest and reflect the Board's commitment to maintaining the link between executive remuneration and Company performance.

Managing Director & Chief Executive Officer Remuneration

Mr Don Voelte AO was appointed to the position of Managing Director & Chief Executive Officer on 26 June 2012 and resigned from this position on 30 June 2013. In setting Mr Voelte's remuneration, the Board determined that the duties and responsibilities of his short term role did not require a variable component of remuneration. Details of remuneration paid to Mr Voelte during the term of his employment are in section 2.a. of the Remuneration Report. A termination payment was not made to Mr Voelte on cessation of his Managing Director & Chief Executive Officer role.

Incoming Group Chief Executive Officer Remuneration

We welcome the appointment of the new Group Chief Executive Officer, Tim Worner on 1 July 2013. Remuneration arrangements for the incoming Group CEO are outlined in section 1.c. of the Remuneration Report.

Executive changes during the year

We also welcome to our executive team Rohan Lund, Group Chief Operating Officer from 1 September 2012, Bridget Fair, Group Chief – Corporate and Regulatory Affairs, from 1 February 2013 and David Boorman, Company and Group Chief Financial Officer, from 3 June 2013.

We look forward to continuing to work with Rohan, Bridget and David in their new roles with the Company.

Director changes during the year

New non-executive directors

David Evans, Ryan Stokes and Dr Michelle Deaker were appointed as Non-executive Directors of the Company on 21 August 2012. Sam Walsh resigned as a Non-executive Director on 30 January 2013. John Alexander was appointed as a Non-executive Director of the Company on 2 May 2013.

Mr Don Voelte AO was appointed Deputy Chairman from 1 July 2013 following the cessation of his role of Managing Director & Chief Executive Officer with the Company. Remuneration arrangements for the incoming Deputy Chairman are set out in section 1.a. of the Remuneration Report.

We look forward to the continuing contribution to the Company from our new directors.

Remuneration and Nomination Committee

During the financial year the Remuneration & Nomination Committee comprised the following members:

- KM Stokes AC (Chairman)
- D Evans
- Dr ME Deaker
- GT John AO
- JC Reizes
- RK Stokes

The Remuneration & Nomination Committee recently completed its consideration of and recommendations relating to performance-linked remuneration for the financial year. With the Committee having completed its primary functions for the current reporting period, the Board considered it an appropriate time to review the composition of the Committee, which from 21 August 2013 comprises:

- J Alexander (Chairman)
- D Evans
- Dr ME Deaker
- GT John AO
- JC Reizes
- RK Stokes

Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

Continuation of executive remuneration alignment

In the 2012 financial year (FY12), the Committee undertook a comprehensive review of executive remuneration, in particular examining remuneration structures that align with the Company's business strategies and reflect economic and market conditions. The revisions to executive remuneration structures represented a necessary step towards the integration and consolidation of our remuneration practices across the Group.

Significant changes occurred in FY12 with full alignment and integration of executive remuneration across the Group being achieved in FY13. Further details of the changes are described below and at section 1.b. of the Remuneration Report.

Alignment of the short-term incentive plan

Details of the short term incentive (STI) plan are set out in section 1.b.ii. of the Remuneration Report. This STI structure had been recommended and implemented in FY12 by the Committee in the television and magazines businesses. FY13 saw alignment of the newspaper business, replacing the previous short term incentive plan for newspapers with the new Group STI plan.

Key features of the Group STI plan include:

- Consideration is given by the Board to Company financial performance in determining the size of the STI pool available for distribution. Measures considered include profit before significant items, net finance costs and tax (EBIT);
- STI awards to executives are based on their performance against individual key performance indicators (KPIs), with achievement of a minimum individual performance rating required before an executive is eligible for an award;
- Subject to the STI pool available, discretionary adjustments to the 'on-target' STI award for each executive may be made for significant outperformance and are limited to a 25% increase in the executive's overall award. 'On-target' refers to the STI award opportunity for an executive who achieves successful performance against all KPIs. On-target STI awards as a proportion of total remuneration are set out in section 2.c. of the Remuneration Report;
- Deferral of a portion of the STI award into share rights where the STI award amount reaches or exceeds the on-target amount, with the share rights vesting in three tranches over a period of three years from the end of the STI performance period.

An integrated long-term incentive plan

The initial grant under a new integrated long-term incentive (LTI) plan for executives was made in FY13.

The new LTI plan, outlined in section 1.b.ii. of the Remuneration Report, is designed to encourage sustained long-term performance and enhance the alignment between executive remuneration outcomes and shareholders' interests. The LTI plan provides grants of performance rights to executives. The performance hurdles that determine the extent to which performance rights vest are Diluted Earnings per Share (DEPS) growth targets and relative Total Shareholder Return (TSR) performance over three years against a pre-determined group of peer companies. The new LTI plan does not permit re-testing; that is, if threshold targets are not met at the end of the performance period, the performance rights will lapse.

Non-executive Director remuneration developments


Non-executive director share plan

In FY13 Non-executive Directors received up to 25% of their annual fees in shares in the Company (NED Share Plan). The shares were purchased on-market at prevailing prices and are held in trust on behalf of the directors. During FY13 the Board determined to discontinue the NED Share Plan. Consequently, NEDs will receive 100% of their fees in cash in FY14. In making its decision to discontinue the NED Share Plan the Board considered that, notwithstanding the perceived benefits of the NED Share Plan, the Plan was complex and inefficient to administer, in particular following changes to the tax legislation relating to equity plans, and that Directors could instead be encouraged to purchase and hold shares in the Company, subject to compliance with the Company's Share Trading Policy.

Further executive remuneration details

Further details on the executive remuneration arrangements and the remuneration for FY13 are set out in this Remuneration Report. I invite you to read the FY13 Remuneration Report and look forward to answering any questions you may have at our Annual General Meeting.

Yours faithfully



Mr Kerry Stokes AC
Chairman

Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

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 Group Chief Executive officer;
- To approve the remuneration and other conditions of service for senior executives reporting to the Group Chief Executive Officer, based on the recommendations of the Group Chief Executive Officer;
- To design the executive incentive plans and approve payments or awards under such plans; and
- To establish the performance hurdles associated with the incentive plans.

This report is set out under the following main headings:

1. Remuneration strategy and policy

- a. Non-executive director remuneration framework
- b. Executive remuneration framework
 - i. Fixed remuneration
 - ii. Variable remuneration
 - o Short-term incentive (STI) plan
 - o Long-term incentive (LTI) plan
- c. Incoming Group Chief Executive Officer remuneration
- d. Link between remuneration policy and Company performance

2. Remuneration in detail

- a. Amounts of remuneration
- b. Share rights granted as compensation
- c. Fixed and variable remuneration

3. Service agreements

4. Legacy share-based compensation plans

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 \$1,500,000, which was approved at the 2010 AGM held on 18 November 2010. The aggregate of payments to NEDs in FY13 did not exceed the approved amount. The Company intends to seek shareholder approval to increase the NED aggregate fee pool in FY14 as a result of the expansion in the size of the Board since FY12 and does not intend to increase NED fees during 2014.

The fees for the year to 29 June 2013 were \$135,000 per annum for Non-executive Directors 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 Company's statutory superannuation contributions are included in these amounts.

Deputy Chairman fee

Mr Don Voelte AO was appointed as Deputy Chairman on 1 July 2013. The fee for the Deputy Chairman for the year to 30 June 2014 has been set by the Board at \$250,000 per annum. From FY14 the Chairman and Deputy Chairman will not be eligible to

Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

receive any additional committee fees. The Board considers the fee for the Deputy Chairman is appropriate given the significantly greater time commitment expected of the Deputy Chairman than would be expected of other Non-executive Directors. The Company will have the ability to leverage Mr Voelte's prior experience as the Managing Director & Chief Executive Officer of the Company, he will fill a key mentoring role for senior executives within the Group, the position reflects designation of a clear Deputy for when the Chairman is unavailable and Mr Voelte brings to the Company extensive external business relationships in Australia.

Non-executive director share plan

In FY13 Non-executive Directors received up to 25% of their annual fees in shares in the Company (NED Share Plan). The shares were purchased on-market at prevailing prices and are held in trust on behalf of the directors. As noted earlier in this report, during FY13 the Board determined to discontinue the NED Share Plan. Consequently, NEDs will receive 100% of their fees in cash in FY14. In making its decision to discontinue the NED Share Plan the Board considered that, notwithstanding the perceived benefits of the NED Share Plan, the Plan was complex and inefficient to administer, in particular following changes to the tax legislation relating to equity plans, and that Directors could instead be encouraged to purchase and hold shares in the Company, subject to compliance with the Company's Share Trading Policy.

b. Executive remuneration framework

We note remuneration arrangements for the Managing Director & Chief Executive Officer detailed in this report relate to Mr Don Voelte AO who was Managing Director & Chief Executive Officer until 30 June 2013. As noted in last year's Remuneration Report, the Board determined that the duties and responsibilities of Mr Voelte's role did not require a variable component of remuneration.

Revised remuneration arrangements for Mr Tim Worner as the incoming Group Chief Executive Officer are detailed in section 1.c. of the Remuneration Report.

With the exception of Mr Voelte in his role as Managing Director & Chief Executive Officer, 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.

i. Fixed remuneration

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

ii. Variable remuneration

Variable remuneration comprises two elements:

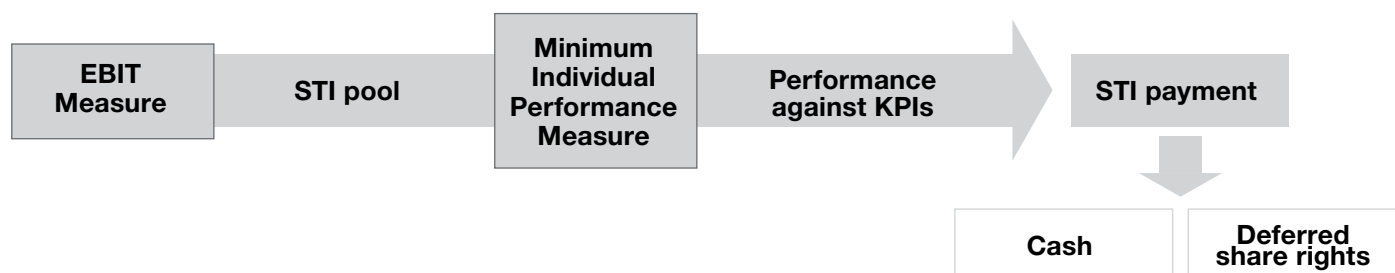
- a) STI – rewards the achievement of pre-determined, individual and Company KPIs over the 12-month performance period which are aligned to and supportive of the Company's annual objectives. STI awards are delivered in cash, and subject to specific thresholds, deferred share rights; and
- b) LTI – rewards performance over the longer term and are 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 (other than Mr Voelte) participate from FY13 onwards are set out below.

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.



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FOR THE YEAR ENDED 29 JUNE 2013

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.

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
Managing Director & Chief Executive Officer - Don Voelte	Not applicable
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 in the table below.

Participant	Scorecard measures and weightings
	Individual scorecard measures are grouped into two categories – quantitative and qualitative measures. Individual measures include:
	<ul style="list-style-type: none"> divisional EBIT performance, performance against various budget measures, leadership and staff development, ratings performance for television executives in key demographics, performance for launch of new shows in the television business, circulation performance and market share for the magazine executives, revenue and advertising share performance, cost management and delivery of cost targets.
Executives other than MD & CEO	Each individual measure is allocated a specific weighting such that the sum of the collective measures' weightings equals the relevant percentage of the participant's STI opportunity.

Performance measurement

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

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

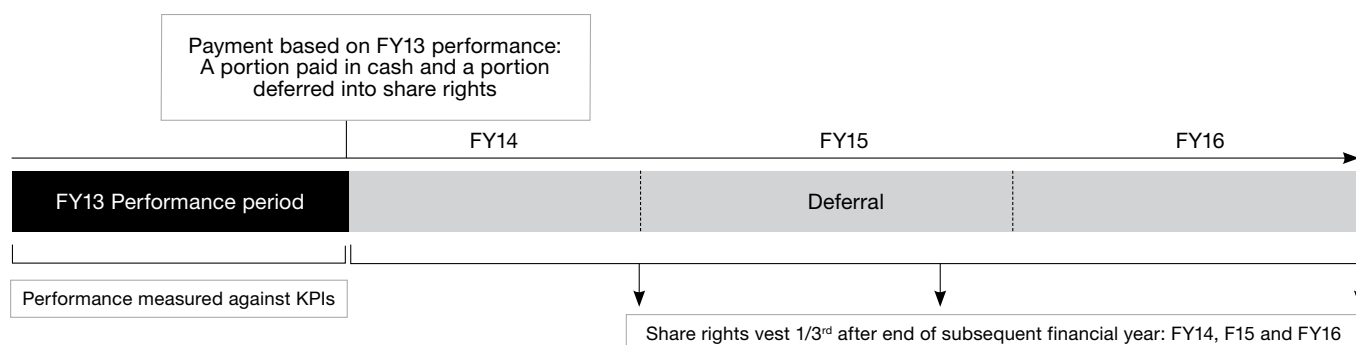
Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

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 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 FY13 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 FY13 and therefore no deferred share rights will be granted in respect of FY13 STI awards.



The table below outlines the STI award outcomes for each executive in FY13.

Executive	% of on-target FY13 STI paid in cash	% of on-target FY13 STI forfeited	Portion of FY13 STI deferred into share rights
Chief Financial Officer – David Boorman from 3 June 2013	0%	0%	0
Chief Sales and Digital Officer – Kurt Burnette	75%	25%	0
Chief Executive Officer Pacific Magazines – Nick Chan	27%	63%	0
Group Chief – Corporate and Regulatory Affairs – Bridget Fair	60%	40%	0
Chief Financial Officer – Peter Lewis until 30 April 2013	0%	100%	0
Group Chief Operating Officer – Rohan Lund from 1 September 2012	40%	60%	0
Group Chief Legal and Commercial Director – Bruce McWilliam	40%	60%	0
Managing Director & Chief Executive Officer – Don Voelte AO	0%	0%	0
Chief Executive Officer WA – Chris Wharton	20%	80%	0
Chief Executive Officer Broadcast Television – Tim Worner	60%	40%	0

The remuneration tables in section 2.a. contain a comparison to FY12 bonus payments.

STI payments of between 20% and 75% of on-target STI awards for FY13 were made to reflect the significant effort and exceptional performance of executives in delivering an ambitious cost control program, achieving efficiencies across the business and strong performance as compared to its peer group.

The proportion of on-target STI awarded to Mr Worner for FY13 reflects his performance in delivering the divisional EBIT target for the Television business and his development and successful execution of strategy, including delivering historic high market television revenue share.

Long-term incentive plan

In FY13 executives (other than Mr Voelte) were invited by the Board to participate in the LTI plan. The value of the LTI granted in FY13 to each executive 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.

Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

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 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?	<p>The vesting of performance rights granted under the LTI plan is dependent on two independent performance measures, Diluted Earnings Per Share (DEPS) and TSR.</p> <p>Half of the award is subject to a DEPS hurdle. DEPS provides a direct link between executive rewards with the creation of wealth driven through the increase in earnings per share received by shareholders. The DEPS target that was used for the FY13 LTI grant is the sum of three annual DEPS growth targets each set by the Board for the three years (i.e., FY13, FY14 and FY15). The Board believes this is the appropriate way to assess the Company's performance as it reflects the performance expectations for each coming year, taking into account external market conditions and projected outlook. The DEPS target will be set and communicated to executives at the beginning of the financial year and disclosed retrospectively the following financial year.</p> <p>The actual annual DEPS targets and performance against each target will be disclosed retrospectively (i.e., in the following financial year). Diluted EPS is calculated by dividing the net profit or loss (for the reporting period) by the weighted average number of ordinary shares in the Company plus the potential number of ordinary shares that may be on issue (for example, from conversion of the Company's Convertible Preference Shares). EPS will be the audited figure for diluted earnings per share as reported in the relevant Annual Report. The Board has discretion to make such adjustments to this figure for abnormal or unusual profit items as it considers appropriate.</p> <p>The Board believes that setting hurdles based on one-year projections better align to the interests of shareholders than setting a three-year DEPS target that may become unrealistic or insufficiently challenging as external market conditions change. For the initial grant of performance rights, the threshold DEPS target for FY13 will be the budget DEPS for that financial year and the stretch DEPS hurdle will be 10% growth on actual DEPS in FY12. The percentage of DEPS performance rights that vest (if any) at the end of the three-year performance period will be based on the following schedule:</p> <table> <tr> <th>Aggregate DEPS over the three years</th><th>Proportion of DEPS performance rights that vest (%)</th></tr> <tr> <td>Equal to or above the aggregate stretch DEPS</td><td>100%</td></tr> <tr> <td>Between the aggregate threshold DEPS and the aggregate stretch DEPS</td><td>Straight-line vesting*</td></tr> <tr> <td>At the aggregate threshold DEPS</td><td>50%</td></tr> <tr> <td>Less than the aggregate threshold DEPS</td><td>Nil</td></tr> </table> <p>* 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.</p> <p>For FY13:</p> <ul style="list-style-type: none"> the Threshold (budget) DEPS was 27.5 cents; the Stretch DEPS was 33.77 cents; and the actual DEPS for the year ending 29 June 2013 was -6.1 cents. 	Aggregate DEPS over the three years	Proportion of DEPS performance rights that vest (%)	Equal to or above the aggregate stretch DEPS	100%	Between the aggregate threshold DEPS and the aggregate stretch DEPS	Straight-line vesting*	At the aggregate threshold DEPS	50%	Less than the aggregate threshold DEPS	Nil
Aggregate DEPS over the three years	Proportion of DEPS performance rights that vest (%)										
Equal to or above the aggregate stretch DEPS	100%										
Between the aggregate threshold DEPS and the aggregate stretch DEPS	Straight-line vesting*										
At the aggregate threshold DEPS	50%										
Less than the aggregate threshold DEPS	Nil										
Why was the DEPS performance hurdle chosen, and how is performance measured?											

Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

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 represents companies with which Seven West competes for talent / revenue / market share. The comparator group is defined at the start of the performance period. The composition of the comparator group may change as a result of corporate events, such as mergers, acquisitions, de-listings etc. The Remuneration Committee has agreed guidelines for adjusting the comparator group following such events, and has the discretion to determine any adjustment to the comparator group.

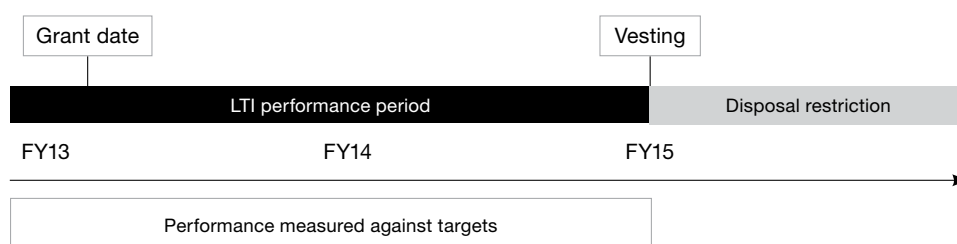
TSR performance is monitored and assessed by an independent advisor. The percentage of TSR performance rights that vest (if any) at the end of the three-year performance period will be based on the following schedule:

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

When will performance be tested?

Awards are subject to a three-year performance period. Immediately following the completion of the performance period, the performance hurdles are tested to determine whether, and to what extent, awards vest. The 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 FY13



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.

Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

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. Incoming Group Chief Executive Officer Remuneration

Mr Worner was appointed Chief Executive Officer of Seven West Media from 1 July 2013. The key terms of Mr Worner's employment arrangements as Chief Executive Officer were announced to ASX on 21 May 2013. He is employed under a 3 year fixed-term contract however at the end of the first anniversary of the commencement date either the Company or Mr Worner has an option to extend the term for a further year. If such option is exercised then on the second anniversary of the commencement date either the Company or Mr Worner has an option to extend the term for a further additional year. The Company may give Mr Worner 12 months' notice to terminate and Mr Worner may give the Company 12 months' notice to terminate after the first two years of his term.

In appointing Mr Worner and setting his remuneration, the Board considered Mr Worner's extensive experience with the Company and his exceptional performance, leadership and key strategic contributions in his previous executive roles with the Company. Mr Worner's remuneration was set having regard for the remuneration of peers in the industry through review of market remuneration data from companies in Seven West Media Limited's market peer group. The Board considered that Mr Worner's remuneration was reasonable for the Company to offer in the circumstances of the Company and having regard to his responsibilities as the CEO of the leading multi-platform media organisation in Australia as well as remuneration of other executives across the Group.

Fixed remuneration

Mr Worner's total fixed annual remuneration is \$2,600,000.

Short term incentive

Mr Worner will participate in the Seven West Media STI Plan with a target opportunity of 50% of fixed remuneration. Mr Worner's participation in the STI plan will be on the same terms as described in this report for other executives except for the following:

- The CEO's KPIs are approved by the Board;
- The Committee assesses the Chief Executive Officer's performance and makes a recommendation to the Board for approval; and
- The Committee may apply an additional discretionary adjustment based on the Chief Executive Officer's individual performance rating that is limited to the same parameters as for other executives.

Participant	Scorecard measures and weightings
Chief Executive Officer	Individual scorecard measures are grouped into two categories – quantitative and qualitative measures. Individual measures include:
	<ul style="list-style-type: none">• Group and divisional EBIT performance,• performance against various budget measures,• leadership and executive development,• ratings performance for the television business in key demographics,• relevant circulation performance and market share for the publishing businesses,• revenue and advertising share performance,• cost management across the Group,• Company representation.
	Each individual measure is allocated a specific weighting such that the sum of the collective measures' weightings equals the relevant percentage of the participant's STI opportunity. For the CEO, 65% of his STI goals relate to budget, cost and EBIT measures.

Long term incentive

Mr Worner will participate in the Seven West Media LTI Plan with a target opportunity of 50% of fixed remuneration. Mr Worner's participation in the LTI plan will otherwise be on the same terms as described in this report for other executives.

Summary of remuneration mix

The relative proportions of total possible remuneration that are linked to performance and those that are fixed for the incoming Group CEO are as follows:

Fixed remuneration	At risk – STI (on-target)	At risk – LTI
50%	25%	25%

Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

d. Link between remuneration policy and Group performance

In FY13, the remuneration policy was linked to profit before significant items, net finance costs and tax (EBIT), diluted earnings per share (DEPS) and total shareholder return (TSR) performance of the Group. The following table sets out the Group's performance over the last 5 financial years:

	2009	2010	2011	2012	2013
Profit before significant items, net finance costs and tax (EBIT) (\$'000's)	156,584	153,564	243,947	473,423	422,015
Net finance costs (\$'000's)	(20,422)	(19,455)	(44,037)	(148,240)	(102,452)
Significant items* (\$'000's)	(14,067)	–	(26,380)	–	(294,933)
Profit/(Loss) before tax (\$'000's)	122,095	134,109	173,530	325,183	11,189
Diluted earnings per share (as reported) (cents) +	41.5	45.0	35.2	26.7	–6.1
Diluted earnings per share (before significant items*) (cents)	46.2	45.0	43.3	26.7	19.8
Share price as at reporting date (\$)	4.36	6.54	4.00	1.75	1.90
Return on capital employed (%)	40.07	41.06	4.81	10.26	9.54

+ AASB 133: Earnings per Share requires the calculation of basic and diluted earnings per share for all periods presented to be adjusted retrospectively for shares to be issued under a rights issue. Accordingly, the weighted average number of ordinary shares includes an adjustment for the 1-for-2 entitlement for both the 2011 and 2012 financial years (refer to note 29 in the financial statements).

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

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.

Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

2. Remuneration in detail

a. Amounts of remuneration

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

The KMP have authority and responsibility for planning, directing and controlling the activities of the Group. For the year ended 29 June 2013, KMP includes the directors of Seven West Media Limited, the Managing Director & Chief Executive Officer, and certain executives that report directly to the Managing Director & Chief Executive Officer. 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:

- DR Voelte AO Managing Director & Chief Executive Officer (until 30 June 2013)
- DJ Boorman Chief Financial Officer (appointed 3 June 2013)
- KJ Burnette Group Chief Sales & Digital Officer
- N Chan Chief Executive Officer Pacific Magazines
- BC Fair Group Chief – Corporate and Regulatory Affairs (appointed 1 February 2013)
- PJ Lewis Chief Financial Officer (until 30 April 2013)
- RT Lund Group Chief Operating Officer (appointed 1 September 2012)
- BI McWilliam Group Chief Legal and Commercial Director
- CS Wharton Chief Executive Officer WA
- TG Worner Chief Executive Officer Television (until 30 June 2013), Chief Executive Officer (from 1 July 2013)

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

- KM Stokes AC Chairman
- DR Voelte AO Deputy Chairman (Appointed 1 July 2013)
- JH Alexander Director (Appointed 2 May 2013)
- D Evans Director (Appointed 21 August 2012)
- Dr ME Deaker Director (Appointed 21 August 2012)
- DR Flynn Director
- PJT Gammell Director
- GT John AO Director
- JC Reizes Director
- RK Stokes Director (Appointed 21 August 2012)
- SMC Walsh AO Director (Resigned 30 January 2013)

Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

2013

Name	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS			SHARE BASED PAYMENTS		Value of rights/ options as % of remuneration
	Cash salary & fees \$	Cash bonus & incentives \$	Non-monetary benefits \$	Superannuation \$	Termination benefits \$	Right and options \$	Shares \$	Total \$	% of remuneration related
Non-Executive Directors of the Company									
KM Stokes AC –Chairman	173,761	–	–	12,526	–	–	(i) 160,560	346,847	–
DR Voelte AO – Deputy Chairman (appointed 1 July 2013)	–	–	–	–	–	–	–	–	–
JH Alexander (appointed 2 May 2013)	20,642	–	–	1,858	–	–	–	22,500	–
Dr ME Deaker (appointed 21 August 2012)	103,601	–	–	–	–	–	(i) 28,173	131,774	–
D Evans (appointed 21 August 2012)	86,298	–	–	10,302	–	–	(i) 28,173	124,773	–
DR Flynn	102,926	–	–	12,487	–	–	(i) 33,587	149,000	–
PJT Gammell	102,926	–	–	12,487	–	–	(i) 33,587	149,000	–
GT John AO	100,162	–	–	12,152	–	–	(i) 32,686	145,000	–
JC Reizes	100,162	–	–	12,152	–	–	(i) 32,686	145,000	–
RK Stokes (appointed 21 August 2012)	86,298	–	–	10,302	–	–	(i) 28,173	124,773	–
SMC Walsh AO (resigned 30 January 2013)	40,399	–	–	7,991	–	–	(i) 45,976	94,366	–
Executive Director of the Company									
DR Voelte AO (resigned 30 June 2013)	2,433,342	–	(iii) 32,822	–	(iv) 50,775	–	–	2,516,939	–
Key Management Personnel of the Group									
KJ Burnette	838,728	(ii) 330,000	(iii) 575	16,470	–	90,948	–	1,276,721	7.1
DJ Boorman (appointed 3 June 2013)	56,299	–	–	4,118	–	–	–	60,417	0.0
N Chan	692,670	(ii) 100,000	(iii) 40,860	16,470	–	77,337	–	927,337	8.3
BC Fair (appointed 1 February 2013)	201,471	(ii) 75,500	–	6,863	–	–	–	283,834	0.0
PJ Lewis (until 30 April 2013)	865,787	–	(iii) 40,668	13,725	(v) 923,810	–	–	1,843,990	0.0
RT Lund (appointed 1 September 2012)	807,108	(ii) 198,500	–	13,725	–	101,569	–	1,120,902	9.1
BI McWilliam	808,530	(ii) 111,000	–	16,470	–	113,428	–	1,049,428	10.8
CS Wharton	967,864	(ii) 100,000	(iii) 139,991	16,470	–	211,725	–	1,436,050	14.7
TG Worner	(vi) 3,075,962	(ii) 750,000	(iii) 14,238	25,000	–	308,213	–	4,173,413	7.4
Totals	11,664,936	1,665,000	269,154	221,568	974,585	903,220	423,601	16,122,064	

(i) Shares in the Company acquired on-market under the Non-Executive Directors Share Plan, approved by shareholders at the Annual General Meeting of the Company on 7 November 2002. The Board has determined to discontinue the NED Share Plan with effect from 1 July 2013.

(ii) STI award for 2013 being a percentage of the on-target STI award opportunity as set out in the variable remuneration table in section 1.b.ii.

(iii) Provision of a motor vehicle and/or other benefits.

(iv) Mr Voelte's statutory entitlement to accrued but untaken annual leave on termination of employment.

(v) Comprised of Mr Lewis's statutory entitlement to accrued but untaken annual leave of \$519,643, statutory entitlement to accrued but untaken long service leave of \$312,500 and remuneration paid to Mr Lewis during the period of his notice of termination where he was not required to perform services for the Company or the Group of \$91,667.

(vi) Includes \$600,962 being the pay out of accrued but untaken annual leave entitlement.

Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

2012	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS		SHARE BASED PAYMENTS			Value of rights/ options/ remuneration
Name	Cash salary & fees \$	Cash bonus & incentives \$	Non-monetary benefits \$	Superannuation \$	Termination benefits \$	Right and options \$	Shares \$	Total \$	remuneration as % of Performance related %	
Non-Executive Directors of the Company										
KM Stokes AC – Chairman	137,177	–	–	15,775	–	–	(i) 137,177	290,129	–	–
DR Flynn	101,694	–	–	13,410	–	–	(i) 33,896	149,000	–	–
PJT Gammell	101,694	–	–	13,410	–	–	(i) 33,896	149,000	–	–
GT John AO	98,962	–	–	13,050	–	–	(i) 32,988	145,000	–	–
JC Reizes	98,962	–	–	13,050	–	–	(i) 32,988	145,000	–	–
DR Voelte	(vii) 105,786	–	–	13,950	–	–	(i) 35,264	155,000	–	–
SMC Walsh AO	(vii) 73,254	–	–	14,490	–	–	(i) 73,256	161,000	–	–
Executive Director of the Company										
DR Voelte (appointed 26/6/12)	–	–	–	–	–	–	–	–	–	–
Key Management Personnel of the Group										
KJ Burnette	795,469	(iii)(viii) 208,979	(iv) 1,151	15,775	–	–	–	1,021,374	20.5	–
N Chan	693,365	(iii) 85,000	(iv) 40,860	15,775	–	–	–	835,000	10.2	–
PJ Lewis	905,990	(iii) 80,000	(iv) 76,602	15,775	–	–	–	1,078,367	7.4	–
BI McWilliam	809,204	(iii) 70,000	–	15,775	–	–	–	894,979	7.8	–
CS Wharton	930,336	(ii) 262,000	(ix) 122,505	15,775	–	(v) 108,609	–	1,439,225	25.8	7.5
TG Worner	1,849,965	(iii) 215,000	(iv) 24,623	25,000	–	(vi) (27,979)	–	2,086,609	9.0	(1.3)
Totals	6,701,858	920,979	265,741	201,010	–	80,630	379,465	8,549,683		

i. Shares in the Company acquired on-market under the Non-Executive Directors Share Plan, approved by shareholders at the annual general meeting of the Company on 7 November 2002.

ii. One-off payment of \$150,000 for Mr Wharton in recognition of time spent in financial year 2011 in relation to the acquisition of Seven Media Group. STI award for 2012 of \$112,000.

iii. STI award for 2012.

iv. Provision of a motor vehicle and/or other non-monetary benefits.

v. The rights will vest in accordance with the TSR hurdles outlined in section 4.

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

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

viii. Includes 2012 STI award of \$200,000 plus \$8,979 that related to Mr Burnette's 2011 STI award which was finalised subsequent to the 2011 report.

ix. Prior year amounts have been restated to include all non-monetary benefits received during the year.

Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

b. Share rights granted as compensation

Seven West Media Limited Equity Incentive Plan – 2013 Long Term Incentive Offer

Details of vesting profiles of the share rights granted as remuneration in FY13 to each executive of the Group are detailed below.

	Number 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 FY13	% forfeited in FY13	End of financial year in which grant vests
KJ Burnette	182,231	1 March 2013	1 September 2015	\$0.93	\$2.07	–	–	30 June 2016
N Chan	154,958	1 March 2013	1 September 2015	\$0.93	\$2.07	–	–	30 June 2016
PJ Lewis	258,264	1 March 2013	1 September 2015	\$0.93	\$2.07	–	100	–
RT Lund	203,512	1 March 2013	1 September 2015	\$0.93	\$2.07	–	–	30 June 2016
BI McWilliam	227,272	1 March 2013	1 September 2015	\$0.93	\$2.07	–	–	30 June 2016
CS Wharton	206,611	1 March 2013	1 September 2015	\$0.93	\$2.07	–	–	30 June 2016
TG Worner	516,528	1 March 2013	1 September 2015	\$0.93	\$2.07	–	–	30 June 2016

Seven West Media Limited Equity Incentive Plan – 2013 Short Term Incentive Offer

No share rights were granted as remuneration in FY13 to executives.

c. 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	
	2013	2012	2013	2012	2013	2012
DR Voelte AO	100%	NA	0%	NA	0%	NA
KJ Burnette	57%	67%	29%	33%	14%	NA
DJ Boorman (i)	100%	NA	0%	NA	0%	NA
N Chan	57%	67%	29%	33%	14%	NA
BC Fair (ii)	80%	NA	20%	NA	0%	NA
PJ Lewis	67%	67%	16.5%	33%	16.5%	NA
RT Lund	57%	NA	29%	NA	14%	NA
BI McWilliam	67%	67%	16.5%	33%	16.5%	NA
CS Wharton	57%	44%	29%	22%	14%	34%
TG Worner (iii)	57%	67%	29%	33%	14%	NA

(i) Mr Boorman was appointed on 3 June 2013. His variable remuneration commences from FY14.

(ii) Ms Fair was appointed on 1 February 2013. Her LTI participation commences from FY14.

(iii) Mr Worner was appointed as Group CEO on 1 July 2013. His remuneration mix in his Group CEO role is set out in section 1.c. of the Remuneration Report.

Further information on remuneration of directors and other Key Management Personnel is set out in the Corporate Governance Statement and note 26 to the Financial Statements.

3. Service agreements

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

Managing Director & Chief Executive Officer and other KMP

Mr Voelte was entitled to an annual fixed remuneration of \$2,600,000 and was not entitled to any variable remuneration. In setting Mr Voelte's remuneration, the Board had determined that the duties and responsibilities of his near term role did not require a variable component. Mr Voelte's employment as Managing Director & Chief Executive Officer ceased on 30 June 2013 and as a result he ceased to be key management personnel from that date. Subsequent to 30 June 2013 Mr Voelte did not receive any further remuneration other than payment for his accrued statutory entitlements. He has been appointed as the non-executive Deputy Chairman of Seven West Media Limited from 1 July 2013.

Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

Name	Duration of Contract	Period of Notice Required to Terminate the Contract	Contractual Termination Benefits
DR Voelte AO	Open ended	Three months' notice by Mr Voelte AO and one months' notice by the Company	Nil
KJ Burnette	Three 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
DJ Boorman	Open ended	Three months' notice	Nil
N Chan	One year	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
BC Fair	Open ended	Three months' notice	Nil
PJ Lewis	Open ended	Three months' notice	Nil
RT Lund	Open ended	Three months' notice by Mr Lund and six months' notice by the Company	Nil
BI McWilliam	Open ended	Three months' notice	Nil
CS Wharton	Open ended	Three months' notice	Nil
TG Worner (i)	Three years (ii)	Twelve months' notice (iii)	Nil

(i) The terms of the agreement refer to Mr Worner's role as Chief Executive Officer commencing from 1 July 2013.

(ii) At the end of the first anniversary of the commencement date either the Company or Mr Worner has 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 Mr Worner has an option to extend the term for an additional year.

(iii) The Company may give Mr Worner twelve months' notice to terminate and Mr Worner may give the Company twelve months' notice to terminate other than during the first two years of the term.

4. Legacy share-based compensation plans

Legacy executive and employee share plans

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

West Australian Newspapers Holdings Limited Executive Share Purchase and Loan Plan

This plan was approved at the annual general meeting of the Company on 9 October 1992.

The operation of this plan has been suspended and no executives have been invited to apply for shares since 2002.

West Australian Newspapers Holdings Limited Employee Share Plan

This plan was approved at the annual general meeting of the Company on 22 October 1993.

The operation of the plan has been suspended and no employees have been invited to apply for shares since 2002.

Legacy executive share based compensation plans

Prior to FY13, 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 (FY11) LTI grant. The grant of equity was consistent with the terms provided under the former Seven Media Group Performance Management Plan award (SMG PMP).

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

	Number of share rights	Grant Date	Expiry date	Fair value per right at grant date (\$)	Number of rights vested during FY13	% forfeited in FY13	End of financial year in which grant vests
TG Worner	25,374	1 March 2012	1 October 2012	\$3.42	25,374	–	30 June 2013
	25,374	1 March 2012	1 October 2013	\$3.09	–	–	30 June 2014
	25,374	1 March 2012	1 October 2014	\$2.79	–	–	30 June 2015

LTI Plan – CEO of WA

An LTI plan was in place for the CEO of WA, Mr CS Wharton, in FY10, FY11 and FY12. No grant was made under the LTI plan in respect of the FY12 performance period due to business performance during the period. From FY13 Mr Wharton was transitioned to the Seven West Media LTI plan.

Remuneration Report

FOR THE YEAR ENDED 29 JUNE 2013

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

	Number of performance rights	Grant Date	Expiry date	Fair value per right at grant date (\$)	Number of rights vested during FY13	% forfeited in year	End of financial year in which grant may first vest
CS Wharton (i)	41,081	3 August 2010	3 August 2015	\$4.95	–	–	30 June 2014
CS Wharton (ii)	69,986	12 August 2011	12 August 2016	\$1.75	–	–	30 June 2015

The remaining awards will vest in accordance with the TSR hurdles outlined below. The Company has performed the 3 year test on Mr Wharton's 3 August 2010 performance rights as at 3 August 2013 and determined that 0% of the performance rights have vested. The 3 August 2010 performance rights remain on-foot to Mr Wharton with a further test to be performed at years 4 and 5.

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:	
	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%
When will performance be tested?	Between the 75th and 100th percentiles	
	Between 100% and 150%, increasing on a straight-line basis	
Do the performance rights carry dividend or voting rights?	At the 100th percentile	
What happens in the event of a change in control?	There are three test dates for the performance rights, being 3, 4 and 5 years after the date of grant.	
What happens if the participant ceases employment?	Performance rights do not carry any dividend or voting rights.	
Are there any disposal restrictions once the performance rights vest?	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.	
	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.	
	There are no disposal restrictions once the performance rights vest.	

Non-executive directors share plan

As noted earlier in this Remuneration Report, during FY13 the Board determined to discontinue the NED Share Plan.

5. Services from Remuneration Consultants

The Committee did not engage any remuneration consultants to provide remuneration recommendations in FY13.

During FY13 Mercer Consulting (Australia) Pty Ltd (Mercer) was engaged by the Company to provide market remuneration data on executive roles, including select KMP roles. In the course of providing this information, the Board is satisfied that Mercer did not make any remuneration recommendations relating to KMP as defined by the Corporations Act.

During FY13 Ernst and Young (EY) was engaged by the Company to provide market remuneration data on non-executive director fees. In the course of providing this information, the Board is satisfied that EY did not make any remuneration recommendations relating to KMP as defined by the Corporations Act.

End of remuneration report

Directors' Report

FOR THE YEAR ENDED 29 JUNE 2013

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, or 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 have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor's independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 57.

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

Rounding of amounts

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

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



Mr Kerry Stokes AC

Sydney

22 August 2013

Auditor's Independence Declaration

FOR THE YEAR ENDED 29 JUNE 2013



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 29 June 2013 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 handwritten signature in black ink, appearing to read 'KPMG'.

KPMG

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

Bruce Phillips
Partner

Sydney

22 August 2013

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.



SEVEN WEST MEDIA – ANNUAL REPORT 2013

FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 29 JUNE 2013

	Notes	2013 \$'000	2012 \$'000
Revenue	3	1,866,457	1,937,107
Other income	3	260	227
Revenue and other income		1,866,717	1,937,334
Expenses	4	(1,479,600)	(1,483,995)
Share of net profit of equity accounted investees	12	15,251	20,084
Impairment of intangible assets	5	(227,274)	-
Impairment of equity accounted investees	5	(61,453)	-
Profit before net finance costs and tax		113,641	473,423
Net finance costs	6	(102,452)	(148,240)
Profit before tax		11,189	325,183
Tax expense	7	(80,947)	(98,294)
(Loss) profit for the year		(69,758)	226,889
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		(1,839)	(6,192)
Tax relating to items that may be reclassified subsequently to profit or loss		551	1,858
Other comprehensive expense for the year, net of tax		(1,288)	(4,334)
Total comprehensive (expense) income for the year attributable to owners of the Company		(71,046)	222,555
Earnings per share for (loss) profit attributable to the ordinary equity holders of the Company			
Basic earnings per share	29	-7.1 cents	33.3 cents
Diluted earnings per share	29	-6.1 cents	26.7 cents

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

Consolidated Statement of Financial Position

AS AT 29 JUNE 2013

	Notes	2013 \$'000	2012 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	257,316	75,052
Trade and other receivables	9	278,105	329,865
Program rights and inventories	10	117,508	116,442
Other assets	11	5,105	7,862
Total current assets		658,034	529,221
Non-current assets			
Program rights and inventories	10	-	4,035
Equity accounted investees	12	304,394	351,766
Other investments	13	777	777
Property, plant and equipment	14	241,357	262,410
Intangible assets	15	3,632,015	3,865,545
Deferred tax assets	7	26,270	22,040
Other assets	11	3,191	2,795
Total non-current assets		4,208,004	4,509,368
Total assets		4,866,038	5,038,589
LIABILITIES			
Current liabilities			
Trade and other payables	16	321,875	339,281
Provisions	17	76,838	64,352
Deferred income	18	20,044	19,096
Current tax liabilities		25,308	6,230
Total current liabilities		444,065	428,959
Non-current liabilities			
Trade and other payables	16	35,937	39,557
Provisions	17	16,513	16,350
Deferred income	18	7,539	4,531
Borrowings	19	1,498,106	1,929,799
Total non-current liabilities		1,558,095	1,990,237
Total liabilities		2,002,160	2,419,196
Net assets		2,863,878	2,619,393
EQUITY			
Share capital	20	3,090,405	2,656,017
Reserves	21	(5,263)	(4,893)
Accumulated deficit		(221,264)	(31,731)
Total equity		2,863,878	2,619,393

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 29 JUNE 2013

	Notes	Share capital \$'000	Cash flow hedge reserve \$'000	Equity compensation reserve \$'000	Reserve for own shares \$'000	Retained earnings/ (accumulated deficit) \$'000	Total equity \$'000
Balance at 25 June 2011		2,489,061	(58)	217	-	22,259	2,511,479
Profit for the year		-	-	-	-	226,889	226,889
Cash flow hedge losses taken to equity		-	(6,192)	-	-	-	(6,192)
Tax on other comprehensive expense		-	1,858	-	-	-	1,858
Other comprehensive expense for the year, net of tax		-	(4,334)	-	-	-	(4,334)
Total comprehensive (expense) income for the year		-	(4,334)	-	-	226,889	222,555
Transactions with owners in their capacity as owners							
Shares issued pursuant to executive and employee share plans							
	20	394	-	-	-	-	394
Dividend reinvestment plan share issues	20	166,203	-	-	-	-	166,203
Deferred tax recognised directly in equity	20	359	-	-	-	-	359
Payments made for own shares		-	-	-	(1,300)	-	(1,300)
Dividends paid	22	-	-	-	-	(280,879)	(280,879)
Share based payment expense		-	-	582	-	-	582
Total transactions with owners		166,956	-	582	(1,300)	(280,879)	(114,641)
Balance at 30 June 2012		2,656,017	(4,392)	799	(1,300)	(31,731)	2,619,393
Loss for the year		-	-	-	-	(69,758)	(69,758)
Cash flow hedge losses taken to equity		-	(1,839)	-	-	-	(1,839)
Tax on other comprehensive expense		-	551	-	-	-	551
Other comprehensive expense for the year, net of tax		-	(1,288)	-	-	-	(1,288)
Total comprehensive expense for the year		-	(1,288)	-	-	(69,758)	(71,046)
Transactions with owners in their capacity as owners							
Shares issued pursuant to 1-for-2 entitlement offer	20	439,633	-	-	-	-	439,633
Shares issued pursuant to executive and employee share plans	20	10	-	-	-	-	10
Transaction costs arising on share issues	20	(7,508)	-	-	-	-	(7,508)
Deferred tax recognised directly in equity	20	2,253	-	-	-	-	2,253
Payments made for own shares		-	-	-	(217)	-	(217)
Dividends paid	22	-	-	-	-	(119,775)	(119,775)
Share based payment expense		-	-	1,135	-	-	1,135
Total transactions with owners		434,388	-	1,135	(217)	(119,775)	315,531
Balance at 29 June 2013		3,090,405	(5,680)	1,934	(1,517)	(221,264)	2,863,878

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 29 JUNE 2013

	Notes	2013 \$'000	2012 \$'000
Cash flows related to operating activities			
Receipts from customers		2,115,106	2,083,033
Payments to suppliers and employees		(1,611,068)	(1,588,420)
Dividends received from equity accounted investees	12	4,270	17,333
Interest and other items of similar nature received		9,496	7,436
Interest and other costs of finance paid		(111,937)	(194,965)
Income taxes paid		(63,295)	(108,452)
Net operating cash flows	32	342,572	215,965
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment	14	(19,980)	(25,995)
Proceeds from sale of property, plant and equipment		524	428
Payments for software	15	(9,089)	(5,611)
Payments for equity accounted investees	12	(1,900)	-
Loans issued		(488)	(650)
Net investing cash flows		(30,933)	(31,828)
Cash flows related to financing activities			
Proceeds from shares issued pursuant to 1-for-2 entitlement offer		439,633	-
Proceeds from shares issued pursuant to executive and employee share plans		10	394
Payments made for own shares		(217)	(1,300)
Payments for transaction costs arising on share issues	20	(7,508)	-
Proceeds from borrowings		-	1,993,000
Repayment of borrowings		(441,518)	(2,105,070)
Dividends paid		(119,775)	(114,676)
Net financing cash flows		(129,375)	(227,652)
Net increase (decrease) in cash and cash equivalents		182,264	(43,515)
Cash and cash equivalents at the beginning of the year		75,052	118,567
Cash and cash equivalents at the end of the year	8	257,316	75,052

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 29 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements were authorised for issue by the Board of Directors on 22 August 2013.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), including Australian Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

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

New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the financial statements of the Group for current or comparative periods and are not likely to affect future periods. However, amendments made to AASB 101 Presentation of Financial Statements effective 1 July 2012 now requires the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

Historical cost convention

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

Use of estimates and judgements

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

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

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

Recoverable amounts of intangible assets

The Group tests annually whether goodwill and intangibles with indefinite useful lives have suffered any impairment in accordance with the group accounting policy stated in note 1(j). The recoverable amounts of cash-generating units have been determined based on value in use and fair value less costs to sell approaches. These calculations require the use of assumptions. Refer to note 15 for details of these assumptions.

Tax exposures

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 (refer note 7). This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Other assets

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

Comparatives

Comparative information is reclassified where appropriate to enhance comparability.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Seven West Media Limited as at 29 June 2013 and the results of all subsidiaries for the year then ended. Seven West Media Limited and its subsidiaries together are referred to in this financial report as the "Group."

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

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

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Associates and jointly controlled entities (equity-accounted investees)

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

The Group's share of its equity accounted investees' post-acquisition profits or losses is recognised in profit or loss, its share of associates' post-acquisition movements in reserves is recognised in reserves and its share of jointly controlled entities' post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from equity accounted investees are recognised in the consolidated financial statements as a reduction in the carrying amount of the investment.

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

Unrealised gains on transactions between the Group and its equity accounted investees are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, responsible for allocating resources and assessing performance of the operating segments, have been identified as the chief executive officer, the chief financial officer and other relevant members of the executive team.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group's 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.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of agency commissions, discounts, rebates, returns, trade allowances and duties and taxes paid. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable the future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Revenue is recognised for the major business activities as follows:

(i) Advertising

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

Revenue from advertising services provided in exchange for broadcast rights or other goods or services is measured at the fair value of the goods or services received. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the advertising services provided.

Contra advertising and advertorial revenue are recognised at the fair value of the goods or services received or if they cannot be measured reliably, at the fair value of the advertising services provided.

(ii) Circulation and commercial printing

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

(iii) Program sales

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

(iv) Government grants

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

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

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

(v) Rendering of services

Revenue is recognised when the service has been performed, the stage of completion can be measured reliably and the costs to complete can be measured reliably.

(vi) Rental Income

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

(vii) Dividends

Dividend income is recorded net of any franking credits. Dividends are recognised when the right to receive payment is established.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Finance income and costs

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. It comprises income on funds invested and fair value gains on financial assets at fair value through profit or loss.

Finance costs comprise interest expense on borrowings, the ineffective portion of cash flow hedges and fair value losses on financial assets at fair value through profit or loss.

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

(g) Tax

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, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred 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 judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Management have determined that deferred tax assets and deferred tax liabilities associated with 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.

(h) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (refer note 25). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight-line basis over the period of the lease.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Acquisition of assets and business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(j) Impairment of non-financial assets

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

(k) Cash and cash equivalents

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

(l) Trade and other receivables

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

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

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Program rights

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

Recognition

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

Amortisation policy

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

(n) Inventories

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

(o) Investments and other financial assets

The Group classifies its financial assets in the following categories:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position. Loans and receivables are carried at amortised cost using the effective interest method.

(ii) Other Investments

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

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

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

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

The fair values of quoted investments are based on current bid prices. 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Investments and other financial assets (continued)

(ii) Other Investments (continued)

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

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

(p) Derivatives and hedging activities

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items. The fair values of derivative financial instruments designated as cash flow hedges are disclosed in note 16. Movements in the hedging reserve in shareholders' equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item (i.e. cash flows) is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

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

(q) Property, plant and equipment

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Property, plant and equipment (continued)

Land is not depreciated. Leasehold improvements are depreciated over the shorter of the life of the lease of each property or the life of the asset. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer note 1(j)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(r) Intangible assets

(i) Goodwill

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (refer note 2).

(ii) Newspaper mastheads and radio licences

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

(iii) Magazine mastheads

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

(iv) Magazine licences

The magazine licences are carried at the cost of acquisition less accumulated impairment losses and are amortised on a straight-line basis over the period of the licences ranging from 8 to 25 years.

(v) Television licences

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

(vi) Program copyrights

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

(vii) Computer software

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

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30-60 days of recognition.

(t) Borrowings

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

(u) Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

(v) Employee benefits

(i) Short-term obligations

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

(ii) Long-term employee benefit obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to executives and employees in accordance with the Company's share purchase and loan plans and employment agreements. Information relating to these plans is set out in note 30.

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

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimate of the number of rights that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Employee benefits (continued)

(iv) Short term incentives and bonus plans

A liability for employee benefits in the form of short term incentives and bonus plans is recognised in the provision for employee benefits when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit
- the amounts to be paid are determined before the time of completion of the financial report, or
- past practice gives clear evidence of the amount of the obligation.

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

(v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(vi) Superannuation

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

(w) Share capital

Ordinary shares and convertible preference shares are classified as equity (for information on ordinary shares and convertible preference shares, refer to note 20). Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Dividends

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

(y) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(z) 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 with other receivables or payables in the balance sheet.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Rounding of amounts

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

(ab) New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 29 June 2013, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group however an assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

There will be no significant impact on the Group's accounting for financial assets or liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit and loss. The Group's current financial instruments measured through profit and loss will expire in the next financial year before this standard is effective. The Group does not plan to adopt this standard early.

(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 introduces a single control model to determine whether an investee should be consolidated. The Group is in the process of performing an analysis of the new guidance, however it does not expect the new AASB 10 standard to have a significant impact on its composition.

The Group has yet to complete an assessment on the impact on its various investees that may or may not be controlled under the new rules.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, and although this is still an important consideration, the focus is on how rights and obligation are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Under AASB 11 new guidelines, the Group's investments in jointly controlled entities will be classified as joint ventures. As the Group already applied the equity method in accounting for these investments, AASB 11 will not have any impact on the amounts recognised in its financial statements.

Application of the disclosure requirements under AASB 12 will not affect any of the amounts recognised in the financial statements but will impact the type of information required to be disclosed in relation to the Groups investments. The Group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the reporting period ending 30 June 2014.

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) New accounting standards and interpretations (continued)

(iv) Revised AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (effective 1 July 2013)

AASB 119 was revised in September 2011. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method), the immediate recognition of all past service cost in profit and loss and the calculation of a net interest expense or income by applying the discount rate to the net defined liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The Group does not have any defined benefit plans and therefore does not intend to adopt the revised standard before its operative date.

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

(ac) Parent entity financial information

The financial information for the Parent Entity, Seven West Media Limited, disclosed in note 33 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

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

(ii) Financial guarantees

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

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

2. SEGMENT INFORMATION

Description of segments

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

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

The segment information in the previous year has been restated for a \$9,623,000 reallocation of costs between Television and Corporate to reflect the current operating segments.

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

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

Year ended 29 June 2013	Television \$'000	Newspapers \$'000	Magazines \$'000	Other \$'000	Total \$'000
Total segment revenue	1,267,788	302,931	256,163	60,166	1,887,048
Inter-segment revenue	-	-	-	(20,591)	(20,591)
Revenue from continuing operations	1,267,788	302,931	256,163	39,575	1,866,457
Profit before significant items, net finance costs, tax, depreciation and amortisation	319,616	107,461	36,306	16,621	480,004
Depreciation and amortisation (i)	(29,209)	(20,845)	(7,056)	(879)	(57,989)
Profit before significant items, net finance costs and tax	290,407	86,616	29,250	15,742	422,015

Year ended 30 June 2012					
Total segment revenue	1,262,305	348,231	287,196	61,788	1,959,520
Inter-segment revenue	-	-	-	(22,413)	(22,413)
Revenue from continuing operations	1,262,305	348,231	287,196	39,375	1,937,107
Profit before significant items, net finance costs, tax, depreciation and amortisation	331,485	137,166	48,713	17,620	534,984
Depreciation and amortisation (i)	(30,656)	(20,958)	(8,877)	(1,070)	(61,561)
Profit before significant items, net finance costs and tax	300,829	116,208	39,836	16,550	473,423

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

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

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

	2013 \$'000	2012 \$'000
Reconciliation of profit before significant items, net finance costs and tax		
Profit before significant items, net finance costs and tax	422,015	473,423
Finance income (refer note 6)	13,297	7,243
Finance costs (refer note 6)	(115,749)	(155,483)
Profit before tax excluding significant items	319,563	325,183
Significant items before tax (refer note 5)	(308,374)	-
Profit before tax	11,189	325,183

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

3. REVENUE AND OTHER INCOME

	2013 \$'000	2012 \$'000
Sales revenue		
Advertising revenue (i)	1,445,071	1,520,117
Circulation revenue	240,438	250,544
Rendering of services	23,085	24,038
Other revenue	157,863	142,408
Total revenue	1,866,457	1,937,107
Other income		
Net gain on disposal of property, plant and equipment and computer software	260	227

- (i) The current year includes \$23,562,000 of contra and advertorial revenue (2012: \$23,400,000).
Includes all metro and regional advertising revenue from the placement of advertisements derived under broadcast licence agreements.

4. EXPENSES

Profit before tax includes the following specific expenses:

Depreciation and amortisation (excluding program rights amortisation)	57,989	61,561
Advertising and marketing expenses	60,350	63,767
Printing, selling and distribution (including newsprint and paper)	131,881	145,854
Media content (including program rights amortisation)	583,776	565,527
Employee benefits expense (excluding significant items)	403,488	414,234
Raw materials and consumables used (excluding newsprint and paper)	9,904	10,354
Repairs and maintenance	17,383	17,787
Licence fees (excluding significant items)	71,716	71,929
Licence fees change in estimate (significant item - refer note 5)	(7,386)	-
Redundancy and restructure costs (significant item- refer note 5)	27,033	-
Other expenses from ordinary activities	123,466	132,982
Total expenses (i)	1,479,600	1,483,995
<i>Depreciation and amortisation</i>		
Property, plant and equipment	40,769	46,465
Intangible assets	17,220	15,096
Depreciation and amortisation excluding program rights amortisation	57,989	61,561
Television program rights amortisation	132,350	139,950
Total depreciation and amortisation	190,339	201,511
Included in the expense above are the following specific items:		
Employee benefits expense	368,900	378,743
Defined contribution superannuation expense	34,588	35,491
Rental expense relating to operating leases	25,451	24,302

- (i) The current year includes \$23,562,000 of contra and advertorial expenses (2012: \$23,400,000).

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

5. SIGNIFICANT ITEMS

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

	2013 \$'000	2012 \$'000
Impairment of Magazine mastheads, licences and goodwill (i)	(220,774)	-
Impairment of other mastheads (ii)	(6,500)	-
Total Impairment of intangible assets	(227,274)	-
Impairment of equity accounted investees (iii)	(61,453)	-
Impairment of intangible assets and equity-accounted investees	(288,727)	-
Redundancy and restructure costs (iv)	(27,033)	-
Change in estimate of Television licence fee (v)	7,386	-
Total significant items before tax	(308,374)	-
Tax benefit	13,441	-
Net significant items after tax	(294,933)	-

- (i) Impairment losses on Magazine intangible assets were recognised during the year following an assessment of their recoverable amounts. The impairments largely reflected the continuing subdued nature of the advertising market and structural challenges facing the publishing industry. The total impairment comprises amounts of \$69,783,000 for mastheads, \$18,793,000 for licences and \$132,198,000 for goodwill. Refer note 15 for additional information on intangible assets.
- (ii) An impairment loss on Quokka masthead (a weekly classified advertising publication) was recognised during the year following an assessment of its recoverable amount. The impairment largely reflected the difficult advertising market and increasing digital competition.
- (iii) An impairment loss of \$60,203,000 on SWM's investment in Yahoo!7 was recognised during the year following an assessment of its recoverable amount. The impairment largely reflected the deterioration in the results of Spreets, its group buying business. An impairment loss of \$1,250,000 was recognised in relation to other equity accounted investees.
- (iv) The redundancy and restructure costs are related to the cost reduction programs which are addressing efficiencies in operating procedures and processes across the Group.
- (v) In March 2013 the Television Licence Fees Amendment Bill 2013 provided for the 50 per cent reduction in the licence fees paid by commercial television broadcasters to be made permanent in legislation on an ongoing basis. The television licence fee accrual, which is based on estimates, was reduced in line with the amended legislation.

6. NET FINANCE COSTS

Finance costs	(115,749)	(151,964)
Ineffective portion of changes in fair value of cash flow hedges	-	(3,519)
Total finance costs	(115,749)	(155,483)
Finance income	9,606	7,243
Ineffective portion of changes in fair value of cash flow hedges	3,691	-
Total finance income	13,297	7,243
Net finance costs	(102,452)	(148,240)

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

7. TAXES

	2013 \$'000	2012 \$'000
Tax expense recognised in profit or loss		
Current year tax expense	(84,371)	(105,571)
Adjustments for current tax of prior periods	1,998	607
Current tax expense	(82,373)	(104,964)
Deferred tax benefit	1,426	6,670
Total tax expense	(80,947)	(98,294)
Reconciliation of tax expense to prima facie tax payable		
Profit before tax	11,189	325,183
Tax at the Australian tax rate of 30% (2012: 30%)	(3,357)	(97,555)
Tax effect of amounts which are not (deductible)/taxable in calculating taxable income:		
Share of net profit of equity-accounted investees	4,575	6,025
Deferred tax benefit (expense) related to equity accounted investees	5,902	(4,742)
Deferred tax assets not recognised in relation to impairment of assets	(86,618)	-
Other changes in recognition of deferred tax assets and liabilities	(1,097)	(1,655)
Other non-assessable / (non-deductible) items	(2,350)	(974)
Adjustments for current tax of prior periods	1,998	607
Tax expense	(80,947)	(98,294)
Tax recognised in other comprehensive income		
Cash flow hedges	551	1,858
Tax recognised directly in equity		
Deferred tax benefit	2,253	359
Total tax recognised directly in equity	2,253	359
Deferred tax asset not recognised		
Deductible temporary differences	193,269	120,843

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

7. TAXES (CONTINUED)

Deferred tax assets/(liabilities)

	Balance 1 July 2012 \$'000	Recognised in profit or loss \$'000	Recognised in other comp- rehensive income \$'000	Recognised directly in equity \$'000	Balance 29 June 2013 \$'000
Year ended 29 June 2013					
The balance comprises temporary differences attributable to:					
Trade and other receivables	10,177	(2,415)	-	-	7,762
Program rights and inventories	(40,407)	(2,040)	-	-	(42,447)
Equity accounted investees	(5,902)	5,902	-	-	-
Intangible assets	(7,530)	472	-	-	(7,058)
Property, plant and equipment	(8,228)	845	-	-	(7,383)
Trade and other payables	38,681	(3,995)	-	-	34,686
Provisions	24,530	1,565	-	-	26,095
Deferred income	2,563	3,087	-	-	5,650
Cash flow hedges	1,883	742	551	-	3,176
Transaction costs	6,754	(2,705)	-	2,253	6,302
Other	(481)	(32)	-	-	(513)
Net deferred tax assets/(liabilities)	22,040	1,426	551	2,253	26,270

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

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

8. CASH AND CASH EQUIVALENTS

	2013 \$'000	2012 \$'000
Current		
Cash at bank, on hand and at call	257,316	75,052

Cash at bank and deposits at call bear interest at a floating weighted average rate of 3.57% at the reporting date (2012: 4.07%). The maximum exposure to credit risk at the reporting date is the carrying amount. The exposure to interest rate risk is discussed in note 31.

9. TRADE AND OTHER RECEIVABLES

Current		
Trade receivables	307,533	360,920
Provision for doubtful debts	(8,395)	(7,604)
Provision for sales credits and returns	(24,443)	(25,210)
	274,695	328,106
Other receivables	3,410	1,759
	278,105	329,865

Trade receivables are generally settled within 30-90 days.

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

	Gross 2013 \$'000	Provision for doubtful debts 2013 \$'000	Gross 2012 \$'000	Provision for doubtful debts 2012 \$'000
Not past due	259,215	-	307,232	-
Past due 0-30 days	19,528	(4,857)	22,918	(4,670)
Past due 31-120 days	4,157	(2,978)	4,913	(2,306)
Past due 120+ days	190	(560)	647	(628)
	283,090	(8,395)	335,710	(7,604)

Movements in the provision for doubtful debts are as follows:

	2013 \$'000	2012 \$'000
Balance at the beginning of the financial year	7,604	7,645
Provision for doubtful debts recognised during the year	423	201
Receivables written off	368	(242)
Balance at the end of the financial year	8,395	7,604

Fair value risk

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

Credit risk

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

Interest rate risk

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

Foreign exchange risk

Information about the Group's exposure to foreign currency risk in relation to trade and other receivables is provided in note 31.

Refer to note 31 for further information on the risk management policy of the Group.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

10. PROGRAM RIGHTS AND INVENTORIES

	2013 \$'000	2012 \$'000
Current		
Television program rights at cost less accumulated amortisation	93,026	86,482
Newsprint and paper – at cost	13,796	17,503
Work in progress – at cost	5,865	7,871
Other raw materials and stores – at net realisable value	4,524	4,275
Finished goods – at cost	297	311
	117,508	116,442
Non-current		
Prepaid television program rights	-	4,035

Program rights and inventory expense

Program rights and inventories recognised as an expense during the year ended 29 June 2013 amounted to \$132,350,000 (2012: \$139,950,000) and \$67,663,000 (2012: \$77,341,000) respectively.

11. OTHER ASSETS

Current		
Prepayments	5,105	7,862
Non-Current		
Prepayments	1,789	1,881
Other	1,402	914
	3,191	2,795

12. EQUITY ACCOUNTED INVESTEEES

Non-current		
Investments in associates and jointly controlled entities	304,394	351,766

Information relating to associates and jointly controlled entities (all of which are incorporated in Australia) is set out in the tables below:

Name of entity	Principal activities	Reporting date	Ownership interest	
			2013 %	2012 %
Airline Ratings Pty Limited (i)	Ratings service provider	30 June	50.0	-
Australian News Channel Pty Limited	Pay TV channel operator	30 June	33.3	33.3
Bloo (WA) Pty Limited	Online business directory	30 June	27.8	27.8
Community Newspaper Group Limited	Newspaper publishing	30 June	49.9	49.9
Coventry Street Properties Pty Limited	Property management	30 June	50.0	50.0
Health Engine Pty Limited (ii)	Online Health Directory	30 June	22.3	-
Hybrid Television Services (ANZ) Pty Limited (iii)	TiVo distributor	30 June	66.7	66.7
Impact Merchandising Pty Limited	Visual merchandising services	30 June	50.0	50.0
Oztam Pty Limited	Ratings service provider	31 December	33.3	33.3
Perth Translator Facility Pty Limited	Transmitter facilities provider	30 June	33.3	33.3
TX Australia Pty Limited	Transmitter facilities provider	30 June	33.3	33.3
Yahoo! Australia and New Zealand (Holdings) Pty Limited	Internet content provider	31 December	50.0	50.0

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

12. EQUITY ACCOUNTED INVESTEEES (CONTINUED)

- (i) Seven West Media acquired 50% of Airline Ratings Pty Limited during the year for \$500,000. \$300,000 was paid in cash and \$200,000 is outstanding at 29 June 2013.
- (ii) Seven West Media acquired 22.3% of Health Engine Pty Limited during the year for \$2,600,000. The consideration consists of \$1,600,000 cash and \$1,000,000 in support and services. A further \$2,600,000 is payable for additional shares if agreed financial targets are met.
- (iii) Under the shareholder agreement, Seven West Media and the other shareholders have equal voting rights and Board representation. As a result, the investment in Hybrid Television Services (ANZ) Pty Limited is equity accounted.

	2013 \$'000	2012 \$'000
Movements in carrying amounts		
Carrying amount at the beginning of the financial year	351,766	346,815
Impairment of equity accounted investees (refer note 5)	(61,453)	-
Acquisitions/other movements	3,100	2,200
Share of profit of investees after tax	15,251	20,084
Dividends received	(4,270)	(17,333)
Carrying amount at the end of the financial year	304,394	351,766

Share of equity accounted investees' net profit

Profit before tax	21,661	28,689
Tax expense	(6,410)	(8,605)
Share of net profit of equity accounted investees disclosed in the statement of profit or loss and other comprehensive income	15,251	20,084

Summarised financial information of equity accounted investees (100%)

Revenues	242,535	261,875
Expenses	(194,135)	(197,336)
Profit after tax as reported by investees	48,400	64,539
Current assets	116,889	95,951
Non-current assets	116,851	172,926
Total assets	233,740	268,877
Current liabilities	(49,271)	(56,988)
Non-current liabilities	(53,703)	(47,068)
Total liabilities	(102,974)	(104,056)

Share of equity accounted investees' net assets	304,394	351,766
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Share of equity accounted investees' capital commitments	360	2,460
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Contingent Liabilities

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

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

13. OTHER INVESTMENTS

	2013 \$'000	2012 \$'000
Non-current		
Unlisted equity securities	777	777

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

14. PROPERTY, PLANT AND EQUIPMENT

Non-current assets		
Freehold land and buildings - at cost	107,231	106,687
Accumulated depreciation	(28,216)	(25,841)
	79,015	80,846
Leasehold improvements - at cost	19,501	19,511
Accumulated depreciation	(10,363)	(5,393)
	9,138	14,118
Residential properties (land) - at cost	2,940	2,940
Plant and equipment - at cost	340,906	325,782
Accumulated depreciation	(190,642)	(161,276)
	150,264	164,506
Total property, plant and equipment - at cost	470,578	454,920
Accumulated depreciation	(229,221)	(192,510)
	241,357	262,410

	Freehold land and buildings \$'000	Leasehold improve- ments \$'000	Residential properties \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 June 2012					
Opening net book amount	76,886	18,436	2,940	183,819	282,081
Additions	6,267	49	-	20,679	26,995
Disposals	-	-	-	(201)	(201)
Transfers	-	87	-	(87)	-
Depreciation charge	(2,307)	(4,454)	-	(39,704)	(46,465)
Closing net book amount	80,846	14,118	2,940	164,506	262,410
Year ended 29 June 2013					
Opening net book amount	80,846	14,118	2,940	164,506	262,410
Additions	545	-	-	19,435	19,980
Disposals	-	-	-	(264)	(264)
Depreciation charge	(2,376)	(4,980)	-	(33,413)	(40,769)
Closing net book amount	79,015	9,138	2,940	150,264	241,357

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

15. INTANGIBLE ASSETS

	2013 \$'000	2012 \$'000
Television licences - at cost	2,300,000	2,300,000
Magazine licences - at cost	38,080	38,080
Magazine licences - accumulated amortisation and impairment losses	(29,602)	(6,811)
Radio licences - at cost	17,316	17,316
Total licences	2,325,794	2,348,585
Magazine mastheads - at cost	129,731	129,731
Magazine mastheads-impairment losses	(69,783)	-
Newspaper mastheads - at cost	82,497	82,497
Other mastheads- at cost	18,061	18,061
Other mastheads- impairment losses	(6,500)	-
Total mastheads	154,006	230,289
Television program copyrights - at cost	20,848	20,848
Accumulated amortisation	(8,848)	(4,848)
Total television program copyrights	12,000	16,000
Software - at cost	41,314	40,589
Accumulated amortisation	(18,951)	(19,968)
Total software	22,363	20,621
Goodwill	1,250,050	1,250,050
Impairment losses	(132,198)	-
Total goodwill	1,117,852	1,250,050
Total intangible assets	3,632,015	3,865,545

	Licences \$'000	Mastheads \$'000	Program copyrights \$'000	Computer software (i) \$'000	Goodwill \$'000	Total \$'000
Year ended 30 June 2012						
Opening net book amount	2,354,102	230,289	20,000	20,589	1,250,050	3,875,030
Additions	-	-	-	5,611	-	5,611
Amortisation charge (ii)	(5,517)	-	(4,000)	(5,579)	-	(15,096)
Closing net book amount	2,348,585	230,289	16,000	20,621	1,250,050	3,865,545
Year ended 29 June 2013						
Opening net book amount	2,348,585	230,289	16,000	20,621	1,250,050	3,865,545
Additions	-	-	-	10,964	-	10,964
Amortisation charge (ii)	(3,998)	-	(4,000)	(9,222)	-	(17,220)
Impairment loss (iii)	(18,793)	(76,283)	-	-	(132,198)	(227,274)
Closing net book amount	2,325,794	154,006	12,000	22,363	1,117,852	3,632,015

- (i) Software additions for the year include \$10,638,000 (2012: \$4,110,000) which were acquired separately and \$326,000 (2012: \$1,501,000) which were internally generated. Software additions include \$1,875,000 for which cash payments have not yet been made.
- (ii) Amortisation of \$17,220,000 (2012: \$15,096,000) is included in depreciation and amortisation expense in the comprehensive income statement (refer note 4).
- (iii) Impairment of \$220,774,000 for Magazine intangible assets and \$6,500,000 for other intangible assets were recognised during the year (refer note 5).

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

15. INTANGIBLE ASSETS (CONTINUED)

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

Management and the Directors reviewed the carrying values of all intangible assets at reporting date to ensure that no amounts were in excess of their recoverable amounts.

Total impairments of \$227,274,000, as detailed above, were recognised during the current year (refer note 5).

No other impairment losses for intangible assets have been incurred or reversed during the current or prior years.

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

Television

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

- Five year forecast based on financial budgets and forecasts approved by management which are in line with the announced cost management programs;
- Average annual revenue growth rate over the 5 year forecast period of 3.4% (June 2012: 4.0%);
- Pre-tax discount rate of 13.56% (June 2012: 13.5%);
- Terminal growth rate of 3.0% (June 2012: 4.0%).

Newspapers and Other WA

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

- Five year forecast based on financial budgets and forecasts approved by management;
- Pre-tax discount rate of 17.0% (June 2012: 14.0%);
- Terminal growth rate of 1.0% (June 2012: 2.0%).

Magazines

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

- Future maintainable revenue forecasts which are based on historical actual results as well as financial budgets and forecasts approved by management;
- Royalty rates between 1.5% and 11.0% (June 2012: 1.5% and 11.0%);
- Earnings multiples between 4x and 6x (June 2012: 8x and 10x).

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

- Five year forecast based on financial budgets and forecasts approved by management;
- Discount rates between 14.0% and 16.0% (June 2012: 14.0% and 16.0%);
- Terminal growth rate of 2.0% (June 2012: 2.0%).

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

- Five year forecast based on financial budgets and forecasts approved by management;
- Pre-tax discount rate of 15.0% (June 2012: 15.2%);
- Terminal growth rate of 2.0% (June 2012: 2.5%).

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.

Sensitivities to key assumptions

The estimated recoverable amount of the Television CGU, based on value in use, exceeds its carrying amount by approximately \$2,400,000. Accordingly, currently no impairment is required. Any adverse movements in key assumptions would lead to further impairments.

The recoverable amount for Newspapers and Other WA overall business is significantly higher than the carrying value, and as such, is not sensitive to reasonably foreseeable changes in key assumptions.

Following impairments to the individual and overall Magazine CGUs, the recoverable amounts are equal to the carrying amounts. Therefore any adverse movements in key assumptions would lead to further impairments.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

15. INTANGIBLE ASSETS (CONTINUED)

For the purpose of impairment testing, intangible assets with indefinite lives, including goodwill, are allocated to the Group's operating divisions which represent the lowest level within the Group at which the assets are monitored for internal management purposes. Intangible assets with indefinite useful lives of \$3,260,875,000, including \$960,875,000 goodwill, relate to the Television operating division, \$84,055,000, including \$1,558,000 goodwill, relate to the Newspapers operating division, \$214,441,000, including \$154,493,000 goodwill, (June 2012: \$416,422,000, including \$286,691,000 goodwill), relate to the Magazines operating division and \$29,803,000, including \$926,000 goodwill (June 2012: \$36,303,000, including \$926,000 goodwill), relate to the Other WA intangible assets.

16. TRADE AND OTHER PAYABLES

	2013 \$'000	2012 \$'000
Current		
Trade payables and other accrued expenses ⁽ⁱ⁾	218,351	240,109
Derivative financial liabilities	1,908	672
Television program liabilities ⁽ⁱⁱ⁾	101,616	98,500
	321,875	339,281
Non-current		
Accruals	15,207	18,887
Derivative financial liabilities	8,679	10,709
Television program liabilities	12,051	9,961
	35,937	39,557

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

(i) Included in trade payables and accruals is an amount of \$7,874,130 related to future minimum purchases of an associate (2012: \$8,983,138). These have been guaranteed by Seven Network (Operations) Limited, a wholly-owned subsidiary.

(ii) Included in television program liabilities is an amount of \$4,381,000 (current: \$4,381,000, non-current: \$Nil) relating to onerous program rights contracts recognised in accordance with AASB 137. During the year no amounts were recognised in the statement of comprehensive income and \$16,923,000 was utilised.

In the prior year, \$19,359,000 related to onerous program rights contracts (current: \$13,758,000, non-current: \$5,601,000), no amounts were recognised in the income statement and \$15,680,000 was utilised.

Interest rate swap and collar contract- cash flow hedges

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates (refer note 31).

Of the Group's total debt, excluding unamortised refinancing costs, at 29 June 2013 of \$1,508,482,000, (2012: \$1,950,000,000), \$400,000,000 (2012: \$800,000,000) is covered by interest rate swaps, designated as cash flow hedges. \$400,000,000 of the swaps expired on 16 March 2013. The remainder of the swaps expire on 16 March 2014 and 16 March 2015. The current swaps fix the interest rate at a weighted average of 3.80% (2012: 3.62%). The Group also has interest rate collars of \$600,000,000 (2012: \$600,000,000) which include an interest rate cap at 5% and a floor at a weighted average of 3.13%. These collars expire on 16 March 2015.

Interest rate swaps-fair valued through profit and loss

Of the Group's total debt, excluding unamortised refinancing costs, at 29 June 2013 of \$1,508,482,000, (2012: \$1,950,000,000), \$45,000,000 (2012: \$80,000,000) is covered by interest rate swaps measured at fair value through profit and loss and not designated as cash flow hedges. These interest rate swap contracts expire on 16 August 2013.

The current swaps have an interest rate at a weighted average of 5.24% (2012: 5.24%).

The contracts require settlement on net interest receivable or payable on a quarterly basis. For the majority of swaps the settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

16. TRADE AND OTHER PAYABLES (CONTINUED)

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

At the reporting date, liabilities relating to these contracts amounted to \$10,587,000 (2012: \$11,381,000). In the year ended 29 June 2013 there was a net loss from the decrease in fair value of interest rate swap and collar contracts of \$1,379,000 (2012: loss of \$3,284,000).

Interest rate, credit and currency risk exposure

Refer to note 31 for the Group's exposure to interest rate risk on interest rate swaps and collars and foreign currency risk on trade and other payables. Refer also to note 31 for the Group's exposure to credit risk. The maximum exposure to credit risk at the reporting date is the carrying amount of the asset. There are no receivables on derivatives at balance date.

17. PROVISIONS

	2013 \$'000	2012 \$'000
Current		
Employee benefits	59,131	62,297
Redundancy and restructuring	16,103	451
Libel expenses	225	225
Make good	479	479
Other	900	900
	76,838	64,352
Non-current		
Employee benefits	8,683	8,661
Make good	7,319	7,178
Other	511	511
	16,513	16,350

Movements in the provisions during the reporting period are as follows:

	Employee Benefits (i) \$'000	Redundancy & Restructuring (ii) \$'000	Libel (iii) \$'000	Make Good (iv) \$'000	Other \$'000	Total \$'000
Year ended 29 June 2013						
Carrying amount at 1 July 2012	70,958	451	225	7,657	1,411	80,702
Amounts provided	39,342	27,033	-	-	-	66,375
Amounts utilised	(42,486)	(11,381)	-	-	-	(53,867)
Unwind of discount	-	-	-	141	-	141
Carrying amount at 29 June 2013	67,814	16,103	225	7,798	1,411	93,351

(i) Employee Benefits

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

(ii) Redundancy and restructuring

During the year the Group recognised \$27,033,000 of redundancy and restructure costs in relation to cost programs across the group (refer note 5). The provision of \$16,102,761 mainly relates to termination benefits and is based on a committed detailed plan.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

17. PROVISIONS (CONTINUED)

(iii) Libel

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

(iv) Make Good

The Group is required 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.

18. DEFERRED INCOME

	2013 \$'000	2012 \$'000
Current		
Deferred revenue (i)	20,044	19,096
Non-current		
Deferred revenue	7,539	4,531

(i) Includes \$11,820,000 (2012: \$12,270,000) of pre-charged magazine sales and subscriptions

19. BORROWINGS

Non-current		
Bank loans – unsecured	1,498,106	1,929,799
	1,498,106	1,929,799

Financial arrangements

In November 2011 the Group obtained unsecured syndicated credit facilities consisting of 3, 4 and 5 year tranches totalling \$2,075,000,000. This included a \$125,000,000 working capital facility.

During the year, the 3 year \$400,000,000 tranche was repaid in full along with \$41,518,000 of the 4 year tranche. These repayments were funded out of the proceeds from the issue of new shares (refer note 20). At reporting date, the Group had access to unsecured syndicated credit facilities to a maximum of \$1,508,482,000 (2012: \$2,075,000,000).

The facilities are subject to a weighted average interest rate of 4.86% at 29 June 2013 (2012: 6.24%).

In addition, the \$125,000,000 revolving working capital facility provided by the syndicate lenders was cancelled, and the Group obtained access to a \$20,000,000 multi option facility with Australia and New Zealand Banking Group Limited (ANZ). As at year end, \$11,900,000 of this facility was utilised for the provision of bank guarantees.

The amount of these facilities undrawn at reporting date was \$8,100,000 (2012: \$113,600,000).

The unsecured bank loans are net of \$10,376,000 (June 12: \$20,201,000) unamortised refinancing costs.

The syndicated facilities are subject to certain covenants being:

- (i) **Total Interest Cover ratio:** the Total Interest Cover Ratio should exceed 3.00 times the interest expense on the Facilities and other financial indebtedness, net of interest income, adjusted for any hedging payments;
- (ii) **Total Leverage Ratio:** the Total Leverage Ratio should not exceed 4.00 times the debt under the Facilities and other financial indebtedness of the Group, net of group cash and cash equivalents.

Fair value

The carrying amount and fair value of Group borrowings at the end of the financial year was \$1,498,106,000 (2012: \$1,929,799,000).

Risk exposures

Information about the Group's exposure to interest rate changes is provided in note 31.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

20. SHARE CAPITAL

	2013 \$'000	2012 \$'000
997,832,422 (2012: 664,733,554) Ordinary shares fully paid (notes 20(a) and 20(c))	2,840,405	2,406,017
2,500 (2012: 2,500) Convertible preference shares fully paid (notes 20(b) and 20(d))	250,000	250,000
	3,090,405	2,656,017

(a) Movements in ordinary share capital

	2013 Shares	2012 Shares	2013 \$'000	2012 \$'000
Ordinary shares				
Balance at the beginning of the year	664,733,554	608,792,249	2,406,017	2,239,061
Movements during the year:				
Shares issued pursuant to 1-for-2 entitlement offer (i)	333,055,818	-	439,633	-
Shares issued pursuant to the executive and employee share plans	43,050	164,150	10	394
Dividend reinvestment plan share issues	-	55,777,155	-	166,203
Transaction costs arising on share issues	-	-	(7,508)	-
Deferred tax recognised directly in equity	-	-	2,253	359
Movement in ordinary shares	333,098,868	55,941,305	434,388	166,956
Balance at the end of the year	997,832,422	664,733,554	2,840,405	2,406,017
The total number of shares issued by the Company is 999,160,872 and differs from the amount included in share capital as follows:				
Total shares issued by the Company	999,160,872	666,105,054		
Executive and employee share plans treated as options (ii)	(1,328,450)	(1,371,500)		
Balance included in share capital	997,832,422	664,733,554		

(i) Seven West Media Limited completed a fully underwritten 1-for-2 accelerated renounceable entitlement offer of new Seven West Media Limited shares to raise \$439,633,000 in August 2012. 333,055,818 shares were issued at a price of \$1.32. The net proceeds, after transaction costs, of \$432,125,000, together with existing funds were used to repay debt. The total amount of debt repaid was \$441,518,000.

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

(b) Movements in convertible preference shares

	2013 Shares	2012 Shares	2013 \$'000	2012 \$'000
Convertible preference shares (CPS)				
Balance at the end of the year	2,500	2,500	250,000	250,000

There were no movements during the year.

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

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

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

20. SHARE CAPITAL (CONTINUED)

(d) Convertible preference shares (CPS)

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

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

Earlier conversion by SGH of the CPS into SWM Shares is permitted where:

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

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

The conversion price is adjusted following any reconstruction, consolidation, division, reclassification, securities issue or rights offer (subject to customary exceptions) to ensure that CPS holders are placed in a similar economic position prior to the occurrence of the event that gave rise to the adjustment. Following the 1-for-2 rights issue the fixed conversion price was adjusted from \$6.68 to \$6.31.

The conversion price will also be adjusted downwards for any dividends paid to SWM Shareholders over and above an annual reference yield of 6.5% (excluding franking credits), initially calculated with reference to the first full year of ordinary dividends for the 2012 financial year. The final dividend for the 2012 financial year was paid in October 2012 (refer note 22) at which time the fixed conversion price was adjusted to \$5.59.

There have been no further adjustments to the fixed conversion price during the financial year.

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

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

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

(e) Dividend reinvestment plan

For details relating to the dividend reinvestment plan see note 22.

(f) Share buy-backs

During the year Seven West Media Limited purchased 164,406 shares on market. The shares were purchased by the Seven West Media Employee Share Plan Trust for the purpose of issuing shares under the Group employee share scheme. Refer note 21.

(g) Capital risk management

Information about the Group's exposure to capital risk is provided in note 31.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

21. RESERVES

	2013 \$'000	2012 \$'000
Equity compensation reserve	1,934	799
Reserve for own shares	(1,517)	(1,300)
Cash flow hedge reserve	(5,680)	(4,392)
	(5,263)	(4,893)

Nature and purpose of reserves

Equity compensation reserve

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

Cash flow hedge reserve

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

Reserve for own shares

Treasury shares are shares in Seven West Media Limited that are held by the Seven West Media Employee Share Plan Trust for the purpose of issuing shares under the group employee share scheme. At 29 June 2013 the Trust held 493,217 of the group's shares (2012: 328,811).

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

22. DIVIDENDS

Final ordinary dividend for the year ended 30 June 2012 of 6 cents per share (25 June 2011: 26 cents), fully franked based on tax paid at 30%, paid on 12 October 2012 (2011: 14 October 2011)	59,887	158,389
Interim ordinary dividend for the year ended 29 June 2013 of 6 cents per share (30 June 2012: 19 cents), fully franked based on tax paid at 30%, paid on 2 April 2013 (2012: 2 April 2012)	59,888	122,490
	119,775	280,879

Dividends not recognised at year end

In addition to the above dividends, since year end the directors have declared a 2013 final dividend of 6 cents per ordinary share (2012: 6 cents), fully franked based on tax paid at the rate of 30%. The aggregate amount of the dividend payable on 11 October 2013, but not recognised as a liability at year end, is estimated at

59,889 59,826

Franked dividends

The franked dividend declared after 29 June 2013 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 28 June 2014.

Franking credits available for subsequent financial years based on a tax rate of 30% (2012: 30%)	32,813	6,678
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The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

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

Dividend reinvestment plan

The Company had established a plan under which holders of ordinary shares could have elected to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash. The operation of the dividend reinvestment plan for any dividends was at the discretion of the board. Upon completion of the Entitlement Offer in July 2012, the Dividend reinvestment plan was suspended.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

23. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices.

	2013 \$	2012 \$
Auditors of the Company - KPMG		
<i>(i) Audit and other assurance services</i>		
Audit or review of the financial statements	367,500	297,500
Other audit and assurance services	103,933	148,066
Total remuneration for audit and other assurance services	471,433	445,566
<i>(ii) Other services</i>		
Advisory services	805,789	551,437
Total remuneration of KPMG Australia	1,277,222	997,003

24. CONTINGENCIES

Contingent liabilities

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

25. COMMITMENTS

	2013 \$'000	2012 \$'000
Capital expenditure commitments		
Commitments for the acquisition of property, plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	6,866	3,379
Later than one year but not later than five years	2,856	-
	9,722	3,379

Operating lease commitments

The Group leases various offices, equipment, sites and residential premises under non-cancellable operating leases expiring within one year to 17 years (2012: 18 years). The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

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

Within one year	20,261	18,475
Later than one year but not later than five years	73,108	68,405
Later than five years	142,743	159,904
	236,112	246,784

Contracts for purchase of television programs and sporting broadcast rights

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

Within one year	253,938	259,119
Later than one year but not later than five years	575,195	516,354
Later than five years	50,335	45,050
	879,468	820,523

Contracts for employee services

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

Within one year	56,348	56,965
Later than one year but not later than five years	22,315	26,887
Later than five years	63	-
	78,726	83,852

Contracts for other services

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

Within one year	24,929	33,143
Later than one year but not later than five years	43,562	36,577
Later than five years	10,414	16,919
	78,905	86,639

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

26. KEY MANAGEMENT PERSONNEL DISCLOSURES

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-section 2a).

Executive officers also participate in the Group's Equity Incentive Plan 2013 (refer note 30).

	2013 \$	2012 \$
Key management personnel compensation		
Short-term employee benefits	13,599,090	10,969,035
Post-employment benefits		
- Superannuation	221,568	232,560
- Termination benefits	974,585	1,898,111
Share-based payments	1,326,821	621,137
	16,122,064	13,720,843

Detailed remuneration disclosures in respect of directors and each member of key management personnel are provided in the remuneration report in section 2a.

Equity instrument disclosures relating to key management personnel

Performance Right holdings

The numbers of performance rights over ordinary shares in the Company held during the financial year by each director of Seven West Media Limited and other key management personnel of the Group, including their personally-related parties, are set out below.

The rights granted during the year have been offered under the Seven West Media Equity Incentive Plan 2013. Performance rights do not carry any dividend or voting rights prior to vesting (refer note 30).

2013	Balance at the start of the year	Granted as compen- sation	Exercised	Expired or forfeited	Balance at the end of the year	Vested	Unvested
<i>Key management personnel of the Group:</i>							
TG Worner	76,122	516,528	-	-	592,650	25,374	567,276
CS Wharton (ii)	111,067	206,611	-	-	317,678	-	317,678
KJ Burnette	-	182,231	-	-	182,231	-	182,231
N Chan	-	154,958	-	-	154,958	-	154,958
PJ Lewis (i)	-	258,264	-	(258,264)	-	-	-
RT Lund	-	203,512	-	-	203,512	-	203,512
BI McWilliam	-	227,272	-	-	227,272	-	227,272

2012

Key management personnel of the Group:

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

(i) DJ Leckie and PJ Lewis resigned on 26 June 2012 and 30 April 2013 respectively and are no longer Key Management Personnel of the Group.

(ii) 111,067 performance rights were granted to CS Wharton under the legacy executive LTI Plan for the Chief Executive Officer for West Australian Newspapers Holdings Limited. The operation of this plan has been suspended and no employees have been invited to apply for shares since 2002 and Mr Wharton has been transitioned to the Seven West Media LTI plan in FY13. The performance rights will vest (subject to performance criteria) in August 2013 and August 2014.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

26. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Shareholdings

The numbers of ordinary shares in the Company held during the financial year by each director of Seven West Media Limited and other key management personnel of the Group, including their personally-related entities, are set out below.

2013

Name	Balance at the start of the year	Received as part of retail entitlement 1 for 2 offer	Shares received during the year as compensation	Purchases and other changes during the year	Balance at the end of the year
<i>Directors of Seven West Media Limited:</i>					
<i>Ordinary shares</i>					
KM Stokes AC	221,219,452	166,471	93,801	132,075,574	353,555,298
Dr ME Deaker (appointed 21 August 2012)	-	-	14,892	-	14,892
D Evans (appointed 21 August 2012) (i)	115,000	57,500	14,892	211,268	398,660
DR Flynn	38,886	19,443	20,249	-	78,578
PJT Gammell	111,440	55,720	20,249	-	187,409
GT John AO	56,065	28,033	19,706	-	103,804
BI McWilliam (alternate)	416,417	194,627	-	-	611,044
JC Reizes	44,949	27,408	19,704	(55,248)	36,813
RK Stokes (appointed 21 August 2012) (ii)	81,330	40,665	14,892	-	136,887
DR Voelte AO (appointed 26 June 2012 to 30 June 2013) (iv)	42,462	21,231	1,945	85,000	150,638
SMC Walsh AO (until 30 January 2013)	78,467	39,234	31,409	(127,852)	21,258
<i>Convertible preference shares</i>					
KM Stokes AC	2,500	-	-	-	2,500
<i>Other key management personnel of the Group:</i>					
<i>Ordinary shares</i>					
KJ Burnette	5,843	2,922	-	-	8,765
N Chan	165,275	82,638	-	(50,000)	197,913
B Fair (appointed 1 February 2013)	7,484	-	-	-	7,484
PJ Lewis (until 30 April 2013)	199,887	-	-	(199,887)	-
RT Lund (from 1 September 2012)	54,921	-	-	-	54,921
CS Wharton	54,335	12,091	-	-	66,426
TG Worner (iii)	262,938	136,470	-	(286,720)	112,688

- (i) Opening number of shares were held under Zonda Capital Pty Ltd, of which Mr Evans is a Director and were acquired prior to Mr Evans being appointed as a Non-executive Director of the Group.
- (ii) Opening number of shares were held under Point Resolution Pty Ltd, of which Mr R Stokes is a Director and were acquired prior to Mr R Stokes being appointed as a Non-executive Director of the Group.
- (iii) TG Worner has been included as key management personnel for his role as Chief Executive Officer Television. He was appointed as Chief Executive Officer of Seven West Media Limited from 1 July 2013.
- (iv) DR Voelte AO was appointed as Managing Director and Chief Executive Officer on 26 June 2012 until 30 June 2013. He was then appointed as Deputy Chairman of the Board of Directors on 1 July 2013.
- (v) JH Alexander was appointed as a Non-executive Director on 2 May 2013 and had not received any shares as at 29 June 2013.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

26. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

2012

Name	Balance at the start of the year	Shares received during the year as compensation	Purchases and other changes during the year	Balance at the end of the year
<i>Directors of Seven West Media Limited:</i>				
<i>Ordinary shares</i>				
KM Stokes AC	180,720,216	39,240	40,459,996	221,219,452
DR Flynn	28,692	10,194	-	38,886
PJT Gammell	19,612	10,192	81,636	111,440
GT John AO	42,756	9,936	3,373	56,065
DJ Leckie (until 26 June 2012) (i)	751,252	-	-	751,252 (ii)
BI McWilliam (alternate)	297,938 (iii)	-	118,482	416,420 (iii), (iv)
JC Reizes	32,603	9,936	2,410	44,949
RK Stokes (alternate)	39,846	-	41,484	81,330
DR Voelte AO (Executive Director from 26 June 2012)	16,882	10,580	15,000	42,462
SMC Walsh AO	47,763	21,929	8,775	78,467
<i>Convertible preference shares</i>				
KM Stokes AC	2,500	-	-	2,500
<i>Other key management personnel of the Group:</i>				
<i>Ordinary shares</i>				
PJ Bryant	10,845	-	1,700	12,545
KJ Burnette	5,843	-	-	5,843 (ii)
N Chan	165,275	-	-	165,275 (ii)
PJ Lewis	172,788	-	27,099	199,887 (ii), (iv)
CS Wharton	40,279	-	14,056	54,335
TG Worner	262,938	-	-	262,938 (ii)

(i) DJ Leckie resigned on 26 June 2012 and is not Key Management Personnel of the Group in 2013.

(ii) These shares were subject to an escrow which expired on the date the Company's results for the 2012 financial year were announced.

(iii) 290,103 of these shares were subject to an escrow which expired on the date the Company's results for the 2012 financial year are announced.

(iv) Prior year amounts have been restated to include all shares received during the year.

Other transactions with key management personnel

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

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

27. RELATED PARTY TRANSACTIONS

Parent entity

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

Subsidiaries

Interests in subsidiaries are set out in note 28.

	2013 \$	2012 \$
Transactions with related parties		
The following transactions occurred with related parties during the financial year:		
<i>Sale of goods, advertising and other services</i>		
Equity accounted investees	10,823,512	11,881,603
Director related entities	494,777	1,585,417
Other related entities	2,036,566	2,841,940
<i>Purchase of goods, advertising and other services</i>		
Equity accounted investees	8,082,240	8,747,312
Director related entities - AFL free-to-air television rights	81,250,750	44,027,500
Director related entities - Other	3,932,038	4,817,794
Other related entities	1,827,598	2,509,330
<i>Shareholder contribution</i>		
Equity accounted investees	1,364,051	637,239

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:

<i>Current receivables (sales of goods, advertising and other services)</i>		
Equity accounted investees	1,100,895	1,246,954
Director related entities	72,979	73,316
Other related entities	1,527,673	1,041,314
<i>Current payables (purchase of goods, advertising and other services)</i>		
Equity accounted investees	2,689,672	1,011,549
Director related entities	-	2,569

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

Key management personnel

The following transactions occurred with KMP related parties:

	2013 \$	2012 \$
Revenues (TV production charges)	86,820	63,652
Expenses (Funding contribution)	345,512	426,734

Terms and conditions

Transactions were made on normal commercial terms and conditions.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

28. INVESTMENTS IN CONTROLLED ENTITIES

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

	Notes	Country of incorporation	Ownership interest	
			2013 %	2012 %
Harlesden Investments Pty Ltd	(a)	Australia	100	100
Western Mail Operations Pty Ltd	(a)	Australia	100	100
West Australian Newspapers Limited	(a)	Australia	100	100
Albany Advertiser Pty Ltd	(a)	Australia	100	100
ComsNet Pty Ltd	(a)	Australia	100	100
Colorpress Australia Pty Ltd	(a)	Australia	100	100
ColourPress Pty Ltd	(a)	Australia	100	100
Geraldton Newspapers Pty Ltd	(a)	Australia	100	100
Geraldton FM Pty Ltd	(a)	Australia	100	100
Great Northern Broadcasters Pty Ltd	(a)	Australia	100	100
Herdsman Print Centre Pty Ltd	(a)	Australia	100	100
Herdspress Leasing Pty Ltd	(a)	Australia	100	100
Hocking & Co. Pty Ltd	(a)	Australia	100	100
Quokka West Pty Ltd	(a)	Australia	100	100
Redwave Media Pty Ltd	(a)	Australia	100	100
North West Radio Pty Ltd	(a)	Australia	100	100
Australian Regional Broadcasters Pty Ltd	(a)	Australia	100	100
Spirit Radio Network Pty Ltd	(a)	Australia	100	100
South West Printing and Publishing Company Limited	(a)	Australia	100	100
Quokka Press Pty Ltd	(a)	Australia	100	100
W.A. Broadcasters Pty Ltd	(a)	Australia	100	100
Dansted and McCabe Holdings Pty Ltd	(a)	Australia	100	100
Riverlaw Holdings Pty Limited	(a)	Australia	100	100
West Australian Entertainment Pty Ltd	(a)	Australia	100	100
WAN Cinemas Pty Limited	(a)	Australia	100	100
Western Mail Pty Ltd	(a)	Australia	100	100
Westroyal Pty Ltd	(a)	Australia	100	100
Australian National Television Pty Limited	(c)	Australia	100	100
Australian Television International Pty Limited	(c)	Australia	100	100
Australian Television Network Limited	(c)	Australia	100	100
Channel Seven Adelaide Pty Limited	(c)	Australia	100	100
Channel Seven Brisbane Pty Limited	(c)	Australia	100	100
Channel Seven 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
Jupelly Pty Limited	(c)	Australia	100	100
Kenjins Pty Limited	(c)	Australia	100	100
Pacific MM Pty Limited	(c)	Australia	100	100
Pacific Magazines Pty Limited	(c)	Australia	100	100
Pacific Magazines Trust		Australia	100	100
Pacific Magazines (No. 2) Pty Limited	(c)	Australia	100	100
Pacific Magazines NZ Limited		New Zealand	100	100
Pacific Magazines (PP) Pty Ltd	(c)	Australia	100	100

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

28. INVESTMENTS IN CONTROLLED ENTITIES (CONTINUED)

	Notes	Country of incorporation	Ownership interest	
			2013 %	2012 %
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	-
Red Publishing Pty Limited	(c)	Australia	100	100
Seven Magazines Pty Limited	(c)	Australia	100	100
Seven Network Programming Pty Limited	(c)	Australia	100	100
Seven Network (Operations) Limited	(c)	Australia	100	100
Seven Regional Operations Pty Limited	(c)	Australia	100	100
Seven Satellite Pty Limited	(c)	Australia	100	100
Seven West Media Investments Pty Limited	(c), (e)	Australia	100	100
Seven Television Australia Limited	(c)	Australia	100	100
SMG Executives Pty Limited		Australia	100	100
SMG H1 Pty Limited	(b)	Australia	100	100
SMG H2 Pty Limited	(b)	Australia	100	100
SWM Finance Pty Limited	(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

All subsidiaries are wholly-owned.

The class of all shares is ordinary except for 100,000 preference shares held in West Australian Newspapers Limited (2012: 100,000).

- (a) These controlled entities entered into a Deed of Cross Guarantee with Seven West Media Limited under ASIC Class Order 98/1418 (as amended) dated 8 April 2004 on 8 April 2004 or by Assumption Deeds prior to 30 June 2009.
- (b) These controlled entities joined Seven West Media Limited's Deed of Cross Guarantee under ASIC Class Order 98/1418 (as amended) dated 8 April 2004 on 20 June 2011 by Assumption Deed.
- (c) These controlled entities joined Seven West Media Limited's Deed of Cross Guarantee under ASIC Class Order 98/1418 (as amended) dated 8 April 2004 on 26 June 2012 by Assumption Deed.
- (d) This controlled entity joined Seven West Media Limited's Deed of Cross Guarantee under ASIC Class Order 98/1418 (as amended) dated 8 April 2004 on 18 April 2013 by Assumption Deed.
- (e) This entity was renamed on 16 April 2013 from SMG H2 (Victoria) Pty Limited to Seven West Media Investments Pty Limited.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

28. 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 29 June 2013 of the Seven West Media Limited Closed Group is presented below according to the Seven West Media Limited Class Order:

	2013 \$'000	2012 \$'000
Statement of profit or loss and other comprehensive income		
Revenue	1,866,457	1,937,091
Other income	260	227
Revenue and other income	1,866,717	1,937,318
Expenses	(1,479,508)	(1,483,989)
Share of net profit of equity accounted investees	15,251	20,084
Impairment of intangible assets	(227,274)	-
Impairment of equity accounted investees	(61,453)	-
Profit before net finance costs and tax	113,733	473,413
Net finance costs	(102,589)	(148,488)
Profit before tax	11,144	324,925
Tax expense	(80,888)	(98,217)
(Loss) profit for the year	(69,744)	226,708
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	(1,839)	(6,192)
Tax relating to items that may be reclassified subsequently to profit or loss	551	1,858
Other comprehensive (expense) for the year, net of tax	(1,288)	(4,334)
Total comprehensive (expense) income for the year attributable to owners of the Company	(71,032)	222,374

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

28. INVESTMENTS IN CONTROLLED ENTITIES (CONTINUED)

The consolidated statement of financial position for the year ended 29 June 2013 of the Seven West Media Limited Closed Group is presented below according to the Seven West Media Limited Class Order:

	2013 \$'000	2012 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	257,307	74,996
Trade and other receivables	274,903	326,643
Program rights and inventories	117,508	116,435
Other assets	5,105	7,850
Total current assets	654,823	525,924
Non-current assets		
Program rights and inventories	-	4,035
Equity accounted investees	302,813	350,402
Other investments	777	777
Property, plant and equipment	241,357	262,399
Intangible assets	3,632,015	3,865,545
Deferred tax assets	26,270	22,036
Other assets	3,191	2,795
Total non-current assets	4,206,423	4,507,990
Total assets	4,861,246	5,033,914
LIABILITIES		
Current liabilities		
Trade and other payables	320,434	338,017
Provisions	76,838	64,341
Deferred income	20,044	19,084
Current tax liabilities	25,308	6,207
Total current liabilities	442,624	427,649
Non-current liabilities		
Trade and other payables	35,937	39,557
Provisions	16,513	16,350
Deferred income	7,539	4,531
Borrowings	1,498,106	1,929,799
Total non-current liabilities	1,558,095	1,990,237
Total liabilities	2,000,719	2,417,886
Net assets	2,860,527	2,616,028
EQUITY		
Share capital	3,087,924	2,653,753
Reserves	(3,708)	(3,555)
Accumulated deficit	(223,689)	(34,170)
Total equity	2,860,527	2,616,028

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

29. EARNINGS PER SHARE

	2013	2012
Basic earnings per share		
(Loss) profit attributable to the ordinary equity holders of the Company (i)	-7.1 cents	33.3 cents
Diluted earnings per share		
(Loss) profit attributable to the ordinary equity holders of the Company (i)	-6.1 cents	26.7 cents

	2013 \$'000	2012 \$'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.	(69,758)	226,889

	2013 Number	2012 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share (i)	977,492,423	680,493,816
Adjustments for calculation of diluted earnings per share:		
- Convertible Preference Shares (CPS) (ii)	159,614,658	167,618,838
- 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	1,349,975	1,548,648
- Share rights issued pursuant to equity incentive plan	1,017,068	113,310
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	1,139,474,124	849,774,612

(i) AASB 133: Earnings per Share requires the calculation of basic and diluted earnings per share for all periods presented to be adjusted retrospectively for shares issued under a rights issue. Accordingly, the weighted average number of ordinary shares includes an adjustment relating to the shares issued pursuant to the 1-for-2 entitlement offer completed in August 2012, for the period from 1 July 2012 to the dates when the shares were issued. The June 2012 calculations also included the appropriate adjustments for the entitlement offer.

(ii) For the purpose of calculating diluted earnings per share, a notional CPS amount has been calculated. At 29 June 2013 the notional CPS amount is \$291,670,000. This is divided by the conversion price to calculate the notional number of shares. Under the terms of the CPS there is more than one basis of conversion. For the calculation of diluted EPS the "Redemption Conversion Price" based on an average weighted share price has been used as the conversion price since this results in the most advantageous position for the holder of the CPS. This is in line with requirements of AASB 133: Earnings per Share. Refer note 20 for further details relating to the CPS.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

30. SHARE-BASED PAYMENTS

The total expense recognised for share-based payments for all plans during the financial year for the Group was \$1,558,369 (2012: \$940,176).

At 29 June 2013 the Group had the following share-based payment arrangements:

Performance and share rights granted as compensation

Seven West Media Equity Incentive Plan- 2013 Long Term Incentive

The Group established a 2013 long term incentive plan that entitles key management personnel to performance rights. Holders of vested rights are entitled to acquire fully paid ordinary shares in the Company.

A total of 1,749,376 performance rights were granted on 1 March 2013 and are awarded when the performance conditions are met. The performance period commenced on 1 July 2012 and ends on 30 June 2015.

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) 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 258,264 were forfeited or exercised during the year.

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 some unvested awards at 29 June 2013.

Seven Media Group Performance Transitional Equity Grant

On 1 March 2012 the board approved the grant of 328,811 share rights to certain key management personnel and other senior executives in lieu of a bonus payment for the 2011 financial year performance under the Seven Media Group Performance Management Plan 2011. This has subsequently been renamed the Seven Media Group Performance Transitional Equity Grant.

The size of the award granted was dependent on Seven Media Group's EBIT performance in the 2011 financial year.

The share rights were granted over three separate tranches, each vesting on 1 October from 2012 to 2014.

All of the share rights are equity settled.

The share rights under the Seven Media Group Performance Transitional Equity Grant are subject to the same vesting conditions, as set out in the table on the following page. Prior to vesting, the share rights allocated represent a conditional entitlement to shares and do not attract the payment of dividends and do not entitle the executive to vote on the shares. Vesting of the share rights is subject to the condition that the executive remains employed by SWM at the relevant vesting date.

During the year, a total of 109,605 share rights have vested under the Seven Media Group Performance Transitional Equity Grant (2012: Nil).

No further share rights under this scheme were exercised during the year.

Long Term Incentive Plan (LTI)- Chief Executive Officer

The CEO of West Australian Newspapers, Mr CS Wharton is entitled to receive share rights under the LTI plan. This plan has two hurdles, or assessment points, which ultimately determine the entitlement. The first hurdle provides access to the program, and establishes an unvested number of share rights. The second hurdle determines the number of shares that vest and thus will be received by Mr Wharton.

The maximum value of shares issued under the LTI program, assuming all hurdles are passed at the highest level, equates to 75% of Mr Wharton's fixed annual remuneration. All of the rights are equity settled.

No grant was made under this plan in respect of the 2012 financial year due to the Newspaper business performance during the period.

There were no rights which were forfeited or exercised during the year under this plan. No rights have yet expired and none have vested in 2013 or in 2012. From the 2013 financial year Mr Wharton was transitioned to the Seven West Media Equity Incentive Plan.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

30. SHARE-BASED PAYMENTS (CONTINUED)

2013

	2013 Long Term Incentive Plan
Grant date	1 March 2013
Expiry date	22 August 2015
Award type	Performance Rights
Vesting Conditions	Service condition and TSR hurdle (50%) Service condition and DEPS hurdle (50%)
End of performance period	30 June 2015
First Vesting Date	22 August 2015
Share price at grant date	\$2.32
Number of rights granted	1,749,376
Fair value at grant date	TSR \$0.93 DEPS \$2.07
Exercise price	\$0.00
Volatility	50%
Risk free interest rate	2.67%
Dividend yield	4.6%
Valuation methodology	TSR Monte Carlo simulation DEPS Binomial Tree

2012

	LTI Program-CEO of WA		Transitional Equity Grant
	1st Grant	2nd Grant	Initial Grant
Grant date	3 August 2010	12 August 2011	1 March 2012
Expiry date	3 August 2015	12 August 2016	1 October 2014
Award type	Performance rights	Performance rights	Share rights
Vesting Conditions	Relative TSR	Relative TSR	Service condition
End of performance period	3 August 2015	12 August 2016	Not applicable
First Vesting Date	3 August 2013	12 August 2014	1 October 2012
Share price at grant date	\$7.02	\$2.77	\$3.96
Number of rights granted	41,081	69,986	328,811
Fair value at grant date	\$4.95	\$1.75	Tranche 1 \$3.42 Tranche 2 \$3.09 Tranche 3 \$2.79
Exercise price	\$0.00	\$0.00	\$0.00
Volatility	37%	37%	40%
Risk free interest rate	4.58%	3.76%	3.68 - 4.01%
Dividend yield	6.0%	10.0%	10.0%
Valuation methodology	Monte Carlo simulation	Monte Carlo simulation	Binomial Tree

Shares granted as compensation

Non-executive Directors share plan

In order to more closely align the interests of the non-executive directors with shareholder interests in the creation of value for shareholders as a whole, Non-executive Directors are obliged to receive at least 25% of their annual fees as shares in the Company. These shares are purchased on-market at prevailing prices and are held in trust on behalf of the Directors.

The total number of shares received by Directors of the Company during the financial year in accordance with the plan was 251,739 (2012: 112,007). The total value of shares received by directors during the financial year in accordance with the plan was \$423,601 (2012: \$379,464), as determined by the observed market price.

During the year the Board determined to discontinue the NED Share Plan. Consequently, NEDs will receive 100% of their fees in cash in the following financial year. In making its decision to discontinue the NED Share Plan the Board considered that, notwithstanding the perceived benefits of the NED Share Plan, the Plan was complex and inefficient to administer, in particular following changes to the tax legislation relating to equity plans, and that Directors could instead be encouraged to purchase and hold shares in the Company, subject to compliance with the Company's Share Trading Policy.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

31. CAPITAL AND FINANCIAL RISK MANAGEMENT

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

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

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

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

Market risk

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

(i) Price risk

The Group is not exposed to significant price risk.

(ii) Cash flow and fair value interest rate risk

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

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

The amount of interest rate hedging in place from these swaps at financial year end is equal to 29% (2012: 45%) of the Groups' variable rate borrowings.

The Group also has additional hedging in the form of zero-cost collars. At 29 June 2013 the interest rate floors on these instruments were activated.

The total amount of interest rate hedging in place from the swaps and collars at financial year end is equal to 69% (2012: 76%).

The effective portion of changes in fair value of cash flow hedges amounts to a loss of \$1,839,000 (2012: loss of \$6,192,000).

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

	29-Jun-2013		30-Jun-2012	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Variable rate instruments:				
Cash at bank, on hand and at call	3.57%	(257,316)	4.07%	(75,052)
Bank loans	4.86%	1,508,482	6.24%	1,950,000
Interest rate swaps (notional principal amount)	3.94%	(445,000)	3.77%	(880,000)
Interest rate collars (notional principal amount)	3.13%	(600,000)	-	(600,000)
Net exposure to cash flow interest rate risk		206,166		394,948

There are no fixed rate instruments in place at 29 June 2013 or at 30 June 2012.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Group sensitivity

Based on the Group outstanding floating rate borrowings, interest rate swaps and collars at 29 June 2013, a change in interest rates at year end of +/- 1% per annum with all other variables remaining constant would impact equity and after tax profit by the amounts shown below.

This analysis assumes that all other variables remain constant.

	Net Profit/(Loss)		Reserves		Equity	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
If interest rates were 1% higher with all other variables held constant:						
(Decrease)/increase	(6,683)	(2,473)	480	7,121	(6,203)	4,648
If interest rates were 1% lower with all other variables held constant:						
Increase/(decrease)	8,230	8,851	3,426	(15,453)	11,656	(6,602)

(iii) Foreign exchange risk

Foreign exchange risk refers to the risk that the value of a financial instrument or its associated cash flows will fluctuate due to changes in foreign currency rates.

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

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

	2013	2012
	\$'000	\$'000
Receivables:		
Foreign exchange receivables and forward contracts	12,444	12,382
Payables:		
Foreign exchange payables and forward contracts	(11,466)	(12,512)
Net exposure	978	(130)

Group sensitivity

Based on the Group's financial instruments held at 29 June 2013, 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 (2012: no significant impact). The analysis was performed on the same basis as 2012 and ignores any impact of forecasted sales and purchases.

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

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

The Group's only significant concentration of credit risk is the receivable balance due from its main magazine distributor of \$14,976,000 (2012: \$21,297,000). The debtor has no history of bad debt and adheres to credit terms on a monthly basis.

For further information on credit risk refer to note 9.

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

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

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

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

Financing arrangements

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

At the end of the reporting period the Group held short dated deposits of \$120,000,000 (2012: \$50,000,000) that are readily available to generate cash inflows for managing liquidity risk.

Maturities of financial liabilities

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

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

	Less than one year \$'000	Between 1 and 5 years \$'000	Total contractual cash flows \$'000	Carrying amount - liabilities \$'000
At 29 June 2013				
Non-derivative financial liabilities				
Trade and other payables	309,219	27,258	336,477	347,225
Unsecured loans	73,283	1,652,591	1,725,874	1,498,106
Total non-derivatives	382,502	1,679,849	2,062,351	1,845,331
Derivative financial liabilities				
Net settled interest rate swaps and collars	2,773	1,765	4,538	11,363
Gross settled forward foreign exchange contracts - cash flow hedges:				
- (inflow)	(12,444)	-	(12,444)	(776)
- outflow	11,466	-	11,466	-
Total derivatives	1,795	1,765	3,560	10,587
Total financial liabilities	384,297	1,681,614	2,065,911	1,855,918

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

31. 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 30 June 2012				
Non-derivative financial liabilities				
Trade and other payables	305,637	32,849	338,486	367,457
Unsecured loans	122,996	2,279,546	2,402,542	1,929,799
Total non-derivatives	428,633	2,312,395	2,741,028	2,297,256
Derivative financial liabilities				
Net settled interest rate swaps and caps	1,931	1,585	3,516	11,250
Gross settled forward foreign exchange contracts - cash flow hedges:				
- (inflow)	(12,382)	-	(12,382)	-
- outflow	12,512	-	12,512	131
Total derivatives	2,061	1,585	3,646	11,381
Total financial liabilities	430,694	2,313,980	2,744,674	2,308,637

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

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).

The only 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 \$10,587,000 (2012: \$11,381,000). 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.

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 the 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:

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

	2013 \$'000	2012 \$'000
Total unsecured bank facility	1,508,482	1,950,000
Less: unamortised refinancing costs	(10,376)	(20,201)
Less: cash and cash equivalents	(257,316)	(75,052)
Net Debt	1,240,790	1,854,747
Total Equity	2,863,878	2,619,393
Add back: Amounts accumulated in equity relating to cash flow hedges	5,680	4,392
Adjusted equity	2,869,558	2,623,785
Net debt to adjusted equity ratio	43%	71%

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

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

	2013 \$'000	2012 \$'000
Reconciliation of cash at the end of the year (as shown in the consolidated statement of cash flows) comprises:		
Cash at bank, on hand and at call	257,316	75,052
Total cash and cash equivalents at the end of year	257,316	75,052
Reconciliation of operating profit after tax to net cash provided by operating activities		
(Loss)/profit for the year	(69,758)	226,889
Non-cash items		
Depreciation and amortisation of property, plant and equipment and intangible assets	57,989	61,561
Amortisation of television program rights	132,350	139,950
Impairment of intangible assets and equity accounted investees	288,727	-
Net gain on disposal of property, plant and equipment and computer software	(260)	(227)
Share based payment expense	1,135	582
Dividend received from equity accounted investees less share of profit of equity accounted investees	(10,981)	(2,751)
Movement in unamortised finance costs	9,825	(20,201)
Movement in:		
Receivables	49,215	(14,700)
Inventories	5,478	519
Program rights	(134,859)	(125,205)
Other operating assets	2,361	(4,024)
Payables	(27,113)	(42,310)
Program liabilities	5,206	4,231
Provisions	12,649	3,328
Other operating liabilities	2,956	(1,519)
Tax balances	17,652	(10,158)
Net cash inflow from operating activities	342,572	215,965

Notes to the Financial Statements

FOR THE YEAR ENDED 29 JUNE 2013

33. PARENT ENTITY FINANCIAL INFORMATION

Summary of financial information

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

	Parent entity	
	2013	2012
	\$'000	\$'000
Financial position of parent entity at year end		
Current assets	447	98,324
Total assets	3,193,841	3,502,875
Current liabilities	25,589	363
Total liabilities	25,589	65,700
Total equity of the parent entity comprising of:		
Share capital	3,090,405	2,656,017
Reserves		
Asset revaluation reserve	8,352	8,352
Equity compensation reserve	1,410	384
Accumulated deficit	(584,562)	-
Profits reserve	652,647	772,422
	3,168,252	3,437,175
Result of parent entity		
(Loss) profit for the year	(584,562)	1,033,345
Total comprehensive (expense) income for the year	(584,562)	1,033,345

Guarantees entered into by the parent entity

The Parent Entity has provided financial guarantees in respect of borrowings of a subsidiary amounting to \$Nil (2012: \$Nil).

There are cross guarantees given by Seven West Media Limited and its subsidiaries described in note 28.

Contingent liabilities of the parent entity

The Parent Entity did not have any contingent liabilities as at 29 June 2013 or 30 June 2012. For information about guarantees given by the Parent Entity refer above.

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 29 June 2013 or 30 June 2012.

34. EVENTS OCCURRING AFTER THE REPORTING DATE

In the interval between the end of the financial year and the date of this report there has not arisen any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of these operations, or the state of affairs of the Group, currently or in future financial years.

Directors' Declaration

FOR THE YEAR ENDED 29 JUNE 2013

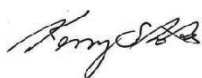
In the opinion of the Directors of Seven West Media Limited (the 'Company'):

- (a) the consolidated financial statements and notes set out on pages 59 to 110 and the Remuneration report in sections 1 to 5 in the Directors' report, are in accordance with the *Corporations Act, 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 29 June 2013 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company and the group entities will be able to pay its debts as and when they become due and payable; and
- (c) there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 28 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 28, between the Company and those group entities pursuant to ASIC Class Order 98/1418.

The Directors draw attention to Note 1(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors:



KM Stokes AC

Chairman

Sydney, NSW

22 August 2013

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 29 June 2013, 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 34 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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

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



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 29 June 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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

Report on the remuneration report

We have audited the Remuneration Report included in pages 40 to 55 of the directors' report for the year ended 29 June 2013. 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 29 June 2013, complies with Section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'KPMG', written over the printed KPMG logo.

KPMG

A handwritten signature in black ink, appearing to read 'Bruce Phillips', written over the printed name.

Bruce Phillips
Partner

Sydney

22 August 2013

Company Information

Directors

KM Stokes AC – Chairman
DR Voelte AO – Deputy Chairman
JH Alexander
Dr ME Deaker
D Evans
DR Flynn
PJT Gammell
GT John AO
JC Reizes
RK Stokes
BI McWilliam – Alternate Director
EJM Bostock – Alternate Director

Legal Advisors

Herbert Smith Freehills
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Sydney NSW 2000

Clayton Utz
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1 Bligh Street
Sydney NSW 2000

Addisons
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Sydney NSW 2000

Company Secretaries

WW Coatsworth
MJ Ellis

Registered Office

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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

Investor Information

Shareholder inquiries

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

Computershare Investor Services Pty 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 29 JUNE 2013

The shareholder information set out below was applicable at 28 August 2013.

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	5,820
1,001 - 5,000	12,375
5,001 - 10,000	3,996
10,001 - 100,000	3,437
100,001 and over	191
	25,819

b) There were 1,019 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	33.51
National Nominees Limited	130,046,758	13.02
HSBC Custody Nominees (Australia) Limited	93,150,232	9.32
JP Morgan Nominees Australia Limited	68,282,065	6.83
Citicorp Nominees Pty Limited	39,645,771	3.97
BNP Paribas Nominees Pty Limited	29,564,472	2.96
JP Morgan Nominees Australia Limited	20,326,622	2.03
Citicorp Nominees Pty Limited	16,327,840	1.63
Neweconomy Com Au Nominees Pty Limited	11,061,971	1.11
AMP Life Limited	7,714,649	0.77
CS Fourth Nominees Pty Limited	7,485,145	0.75
UBS Nominees Pty Limited	7,111,267	0.71
BNP Paribas Nominees Pty Limited	7,100,000	0.71
HSBC Custody Nominees (Australia) Limited	5,903,881	0.59
QIC Limited	4,924,218	0.49
3rd Wave Investors Limited	3,500,000	0.35
HSBC Custody Nominees (Australia) Limited	2,948,424	0.30
Sandhurst Trustees Limited	2,423,750	0.24
Bond Street Custodians Limited	2,203,369	0.22
TCW Crescent Mezzanine Partners IV / IVB (Ireland) Limited	2,002,370	0.21
	796,511,650	79.72

Shareholder Information

FOR THE YEAR ENDED 29 JUNE 2013

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	35.27%	352,419,944
Australian Capital Equity Pty Limited	35.22%	351,876,932
Seven Group Holdings Limited	35.22%	351,876,932
Ausbil Dexia Limited	5.87%	34,814,584

* 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.

