

**Seven West Media Limited**  
**Appendix 4D**  
**Half Year Financial Report**  
**for the half year ended 30 December 2017**

**Results for announcement to the market**

	Dec 2017 \$'000	Dec 2016 \$'000	Movement
<b>Reported</b>			
Revenue from ordinary activities	809,418	903,323	Down -10.4%
Other income	708	2,751	Down -74.3%
Revenue and other income	810,126	906,074	Down -10.6%
Profit from ordinary activities after tax attributable to members	100,728	12,385	N/A
Net profit for the period attributable to members	100,728	12,385	N/A
<b>Additional information</b>			
Significant items before tax (refer note 4)	-	(82,649)	N/A
Profit before tax excluding significant items (refer note 1.1B)	142,848	129,427	Up 10.4%
Profit after tax excluding significant items net of tax (refer note 6)	100,728	95,745	Up 5.2%

The current reporting period relates to the period from 25 June 2017 to 30 December 2017 and the previous reporting period relates to the period from 26 June 2016 to 24 December 2016.

	Amount per security	Franked amount per security
<b>Dividends</b>		
Final dividend 2017 (paid during current reporting period)	2 cents	2 cents
Interim dividend 2018	nil	nil
<b>Net Tangible Assets</b>		
Net tangible asset backing per ordinary share (cents)	(0)	(0)

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# Directors' Report

Seven West Media Limited  
ABN 91 053 480 845

FOR THE HALF YEAR ENDED 30 DECEMBER 2017

The Directors of Seven West Media Limited (the Company) are pleased to present their report together with the consolidated financial statements for the half year ended 30 December 2017 and the review report thereon.

## Directors

The Directors of Seven West Media Limited at any time during or since the end of the half year are:

Name	Period of Directorship
<b>Non-Executive</b>	
Kerry Matthew Stokes AC (Chairman)	Director since September 2008 and Chairman since December 2008
John Henry Alexander	Director since May 2013
Teresa Dyson	Director since November 2017
David Evans	Director since August 2012
Peter Joshua Thomas Gammell	Director since September 2008
The Hon. Jeffrey Gibb Kennett AC	Director since June 2015
Michael Malone	Director since June 2015
Ryan Kerry Stokes	Director since August 2012
Michael Ziegelaar	Director since November 2017
Dr Michelle Elizabeth Deaker	Director August 2012 to November 2017
<b>Executive</b>	
Timothy Worner (Managing Director & Chief Executive Officer)	Managing Director & Chief Executive Officer since June 2015

## Review of results and operations

A review of operations and of the results of those operations is attached and forms part of this Report.


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

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 30 December 2017.

## Rounding

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 and in accordance with that Instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest one thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors.



KM Stokes AC  
Chairman

20 February 2018

# Seven West Media

## Review of Operations

### Group Performance

#### Summary Financial Performance

	1H FY18 \$m	1H FY17 \$m	Change % <sup>(3)</sup>
Revenue	809.4	903.3	(10.4%)
Other income	0.7	2.7	(75.5%)
Share of net profit/ (loss) of equity accounted investees	1.2	(0.9)	2.3%
Revenue, other income and equity accounted profits	811.3	905.1	(10.4%)
Operating expenses excluding depreciation and amortisation	(634.5)	(734.3)	(13.8%)
<b>EBITDA<sup>(1)</sup></b>	<b>176.8</b>	<b>170.8</b>	<b>3.5%</b>
Depreciation and amortisation	(17.5)	(22.3)	(21.6%)
<b>EBIT<sup>(2)</sup></b>	<b>159.3</b>	<b>148.5</b>	<b>7.2%</b>
Net finance costs	(16.5)	(19.1)	(13.6%)
<b>Profit before significant items and tax</b>	<b>142.8</b>	<b>129.4</b>	<b>nm<sup>(4)</sup></b>
Significant items excluding tax	-	(82.6)	nm
<b>Profit before tax</b>	<b>142.8</b>	<b>46.8</b>	<b>nm</b>
Tax expense	(42.1)	(34.4)	22.5%
<b>Profit after tax</b>	<b>100.7</b>	<b>12.4</b>	<b>nm</b>
EBITDA margin	21.8%	18.9%	
Basic EPS	6.7 cents	0.8 cents	
Basic EPS excluding significant items net of tax	6.7 cents	6.4 cents	
Diluted EPS	6.7 cents	0.8 cents	
Diluted EPS excluding significant items net of tax	6.7 cents	6.4 cents	

<sup>(1)</sup> EBITDA relates to profit before significant items, net finance costs, tax, depreciation and amortisation.

<sup>(2)</sup> EBIT relates to profit before significant items, net finance costs and tax.

<sup>(3)</sup> Change percentages are calculated on whole dollars and not the rounded amounts presented.

<sup>(4)</sup> "nm" means "not meaningful"

#### Reconciliation of EBIT to Statutory Profit Before Tax

	1H FY18 \$m	1H FY17 \$m	Change %
<b>EBIT</b>	<b>159.3</b>	<b>148.5</b>	<b>7.2%</b>
Net finance costs	(16.5)	(19.1)	13.6%
Significant items excluding tax	-	(82.6)	nm
<b>Profit before tax</b>	<b>142.8</b>	<b>46.8</b>	<b>nm</b>

Seven West Media Limited reported a statutory net profit of \$100.7 million for the half year ended 30 December 2017. This compares to the previous corresponding half year statutory net profit of \$12.4 million (including significant items).

Underlying net profit after tax of \$100.7 million is up 5.2 per cent on the previous half year underlying profit after tax of \$95.7 million.

The group delivered revenue of \$811.3 million (including share of associates), down 10.4 per cent versus the previous year, and profit before significant items, net finance costs and tax (EBIT) of \$159.3 million, up 7.2 per cent on the previous year. The dividend has been temporarily suspended with a focus on prudent capital management and balance sheet flexibility post relaxation in media ownership legislation.

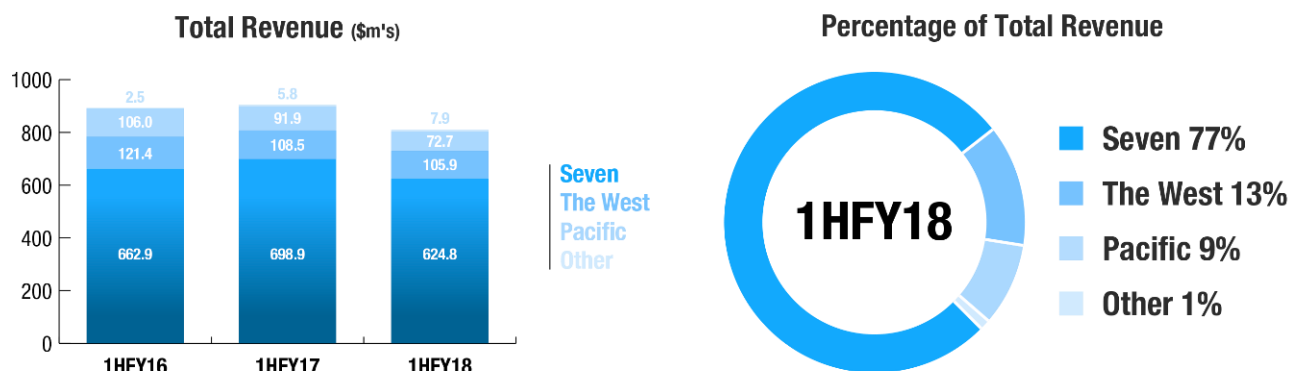
#### Advertising Market and Revenue Performance

SMI data reported that the Australian advertising market grew 0.8 per cent in the six months to 31 December 2017 compared to the same period in the previous year. Metropolitan television advertising increased 1.5 per cent to \$1.5 billion for this period based on KPMG Think TV data. Think TV also reported that advertising revenues from online catch-up and live TV streaming grew 23.9 per YoY. Seven reported a 37.9 per cent share among commercial networks for the calendar year and 36.5 per cent for the half.

Advertising in the digital market maintained its strong growth, with SMI data indicating an increase of 7.1 per cent for the 6 month period to 31 December 2017 against the prior year. SWM's digital revenues continue to grow and remain on target to double YoY. Challenging trends in publishing advertising continued; however our assets continue to outperform peers. In the face of challenging economic conditions in the WA

economy, The West Australian Newspapers have delivered above market revenue trends due to growth in digital. Pacific continued its portfolio transformation which impacted revenue in the half. Yet, despite this, Pacific continues to gain traction on its closest peer as it aligns strategy across digital and print revenue and accelerates revenue growth in non-SMI categories.

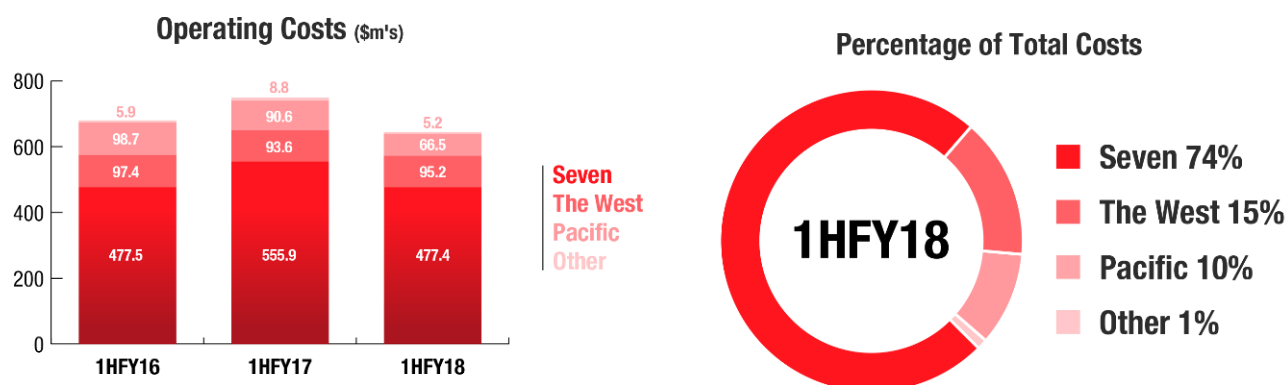
Group revenue of \$811.3 million (including share of net profit of equity accounted investees) was 10.4 per cent lower than the prior half year with advertising revenue of \$615.8 million. Seven revenue represents 77 per cent of group revenue.



The charts above exclude Corporate revenue.

#### Cost Management

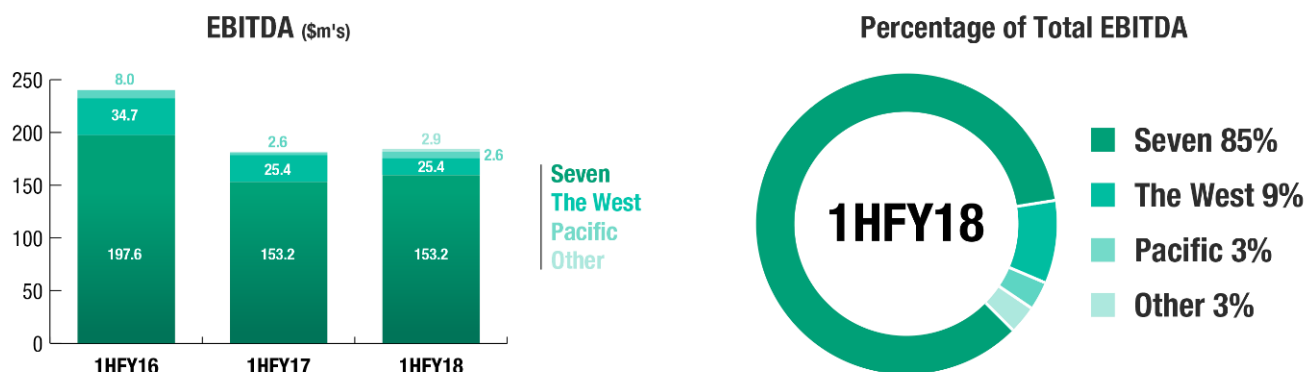
Excluding significant items and major events, total Group costs (including depreciation and amortisation) for the 6 months to 30 December 2017 decreased 13.8 per cent. Seven's costs reflect the Rio Olympics in the prior period, uplift in AFL rights and Rugby League World Cup in the current half and an ongoing focus on cost control. Seven and Pacific recorded cost reductions of 14.1 per cent and 26.6 per cent respectively.



The charts above exclude the impact of significant items and Corporate costs.

## EBITDA and Operating Margins

Seven West Media delivered EBITDA for the six month period to 30 December 2017 of \$176.8 million, 3.5 per cent higher than the prior year, at an EBITDA margin of 21.8 per cent. Seven EBITDA accounted for 85 per cent of total group EBITDA for the period.



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

## Balance Sheet

At 30 December 2017 Seven West Media had net assets of \$491 million.

Group net debt decreased to \$710.8 million. The Group's debt leverage ratio at 30 December 2017 was 2.3x EBITDA (June 2017: 2.4x).

## Review of Businesses

A summary of the performance of Seven West Media's key business units for the half year ending 30 December 2017 is set out below.

## Seven

In 2017, Seven completed its 11<sup>th</sup> consecutive year of ratings leadership with a 38.8 per cent total individual rating share for primetime 18:00-22:30. Seven won 80 per cent (32 of 40) of television survey ratings weeks and delivered a strong performance through the first nine months of the year, though faced a soft last quarter.

Seven's costs including the Rio Olympics in the prior period were down 14.1 per cent YoY. In November 2017 Seven announced a \$25 million future headcount savings program. The cost efficiency and savings program is targeting \$60 million in total net savings for Seven in fiscal year 2019.

Seven continues to lead in primetime and in the morning thanks to its broadcast channels including 7, 7TWO, 7mate and 7Flix. Seven delivered the most watched sports event (AFL Grand Final), top drama (The Good Doctor) and lifestyle program (Better Homes and Gardens) in addition to maintaining leadership in news and current affairs, including breakfast and morning television.

The ability to grow live sport audience has differentiated Seven from global and domestic broadcast peers. While other's live sport broadcast audiences have remained flat or declined, Seven grew the AFL audience on FTA by 5 per cent YoY with a focus on engaging female viewers (+4.4 per cent) and young men (+9 per cent). In much the same way, Horse Racing on Seven grew by 3 per cent YoY. With an audience comprised of 48 per cent women, Seven created an appointment-viewing live event and increased female viewership by 8 per cent.

Seven continues to innovate in the delivery of its content, taking greater control of content monetisation through owned and operated platforms. In order to fully exploit the Total Video opportunity and lead the way in commercial AVOD, Seven launched 7plus in November, for OTT live and on-demand. Featuring a content library from the world's largest studios and exclusive original programmes, Seven has reshaped how content rights are purchased by including multi-platform and stacking rights. Additionally, 7plus is delivering 'Addressable TV' at scale, serving more than 65 million data-targeted ads since launch.

Leveraging the Seven Studios back-catalogue and Summer of Tennis, Seven's January audience on 7plus grew to 199 million minutes, giving Seven a record 47 per cent share of the commercial broadcast AVOD market. As total audience and premium identified users continue to grow and more advertisers transition to the programmatic platform new commercial opportunities and a yield premium will drive incremental returns to Seven.

Revenue from program sales and third party productions experienced a lumpy first half, but was able to grow earnings by 11.8 per cent YoY. High margin program sales grew by 16.4 per cent YoY. Content and third party production activities continue to grow with 22 projects in funded development for global broadcasters and 55 programmes which have moved into production. Additionally, Seven Studios consolidated its global production and distribution capability with further strategic investment in New Zealand.

## Financial Performance: Seven

	1HFY18 \$m	1HFY17 \$m	Change %
<b>Revenue</b>			
Broadcast & digital advertising, affiliate fees and other revenue	586.7	648.7	(9.6%)
Seven Studios (production and distribution)	38.1	50.2	(24.1%)
<b>Total revenue</b>	<b>624.8</b>	<b>698.9</b>	<b>(10.6%)</b>
<b>Total costs (including depreciation and amortisation)</b>	<b>(477.4)</b>	<b>(555.9)</b>	<b>(14.1%)</b>
<b>EBIT</b>	<b>147.4</b>	<b>143.0</b>	<b>3.1%</b>

Seven revenue decreased 10.6 per cent to \$624.8 million, due to softer ratings and comparing to the Rio Olympics period, accounting for 77 per cent of group revenue (77 per cent in 1HFY17). Operating costs decreased by 14.1 per cent, reflecting the Rio Olympics in the prior period. EBIT (Profit before significant items, net finance costs and tax) increased 3.1 per cent to \$147.4 million making up 88 per cent of group EBIT (excluding Corporate costs). Seven EBITDA was \$159.5 million, up 4.1 per cent on the prior year with an EBITDA margin of 25.5 per cent.

## The West

Despite challenging economic conditions in WA and structural changes in print advertising The West has continued to outperform industry trend. Local market conditions continue to be difficult, particularly for retailers, resulting in a very short advertising market; however the WA economy is beginning to show early signs of improvement. The West's costs, excluding the Sunday Times, were down 5.4% YoY with greater savings targeted in the second half. The Sunday Times continues to perform well and has now generated 100% payback on acquisition price in just over 12 months. In addition, management have recently undertaken a cover price increase which will provide a revenue benefit in the second half.

The latest Ipsos emma data indicates that The West's metro Print/Digital Mastheads continue to have a broad reach across the state. 72.9 per cent of the state population age 14+ access the print and digital mastheads in an average month. The West Australian's total masthead sales including digital declined by 0.5 per cent, while The Sunday Times declined by -3.3 per cent YoY.

The West is the leading digital publisher in WA, with 1.3 million UA per month, up 15 per cent YoY (Nielsen DRM, December 2017) and digital revenue, up 38 per cent YoY. The relaunch of the PerthNow (November 2017) website is expected to generate continued strong growth in premium authenticated users. New products launched during the half included news bulletins for Smart Speaker devices and Audio Podcasts to grow digital audiences.

The West has entered the next phase of transformation, leveraging the newsroom integration momentum that the new CEO, Revenue Director and Chief Marketing Officer have brought into the business. Several new digital revenue initiatives are underway, including the launch of a digital subscription offering in CY 2018. The West will continue to reduce its cost base in the coming year and implement efficiencies through automation, process improvement and greater asset utilisation.

## Financial Performance: The West

	1HFY18 \$m	1HFY17 \$m	Change %
<b>Revenue</b>			
Print and digital advertising	60.5	65.7	(7.9%)
Print and digital circulation	30.4	27.3	11.4%
Other	15.0	15.5	(3.2%)
<b>Total revenue</b>	<b>105.9</b>	<b>108.5</b>	<b>(2.4%)</b>
<b>Total costs (including depreciation and amortisation)</b>	<b>(95.2)</b>	<b>(93.6)</b>	<b>1.7%</b>
<b>EBIT</b>	<b>10.7</b>	<b>14.9</b>	<b>(28.0%)</b>

The West revenue declined 2.4 per cent to \$105.9 million while EBIT fell 28 per cent to \$10.7 million. The business has maintained market leading operating margins despite current revenue trends with an EBITDA margin of 15.0 per cent achieved during the financial half year. Operating costs increased 1.7 per cent in the period due to the current period included a full six months of costs for The Sunday Times and PerthNow, which was acquired in November 2016.

## Pacific

Pacific's EBIT grew 390 per cent in the period due to the momentum of the ongoing transformation plan, Pacific2020. This effort has removed significant costs while driving audience and revenue growth in key strategic areas and metrics. Completing Phase Two of the transformation plan, Pacific reduced its overall cost base by 26.6 per cent in the half. The remodelling of structures and publishing workflows increased the focus on, and output of, digital content, with this strategic shift delivering Pacific Unique Audience growth of 28 per cent YoY.

Already Australia's fastest-growing digital publisher, with this increase Pacific surpassed its main competitor in the period, just 16 months after regaining and relaunching its branded digital properties, and also cemented its place as the country's leading digital lifestyle publisher



for women. This position as market leader has also allowed Pacific to push into the fastest growth space in the digital advertising market, online video. Investment in short-form video capacity and capability combined with the ongoing engagement/power of the Pacific stable of brands has driven growth of more than 1,400 per cent in video views YTD.

Pacific will continue to align content teams and production to anticipate and meet the shifts in audience behaviour, prioritising the end-to-end integration of print and digital across brands and the unification of publishing platforms across print and digital.

Pacific's digital advertising revenue has benefited from increased internal focus and now represents 25 per cent of all advertising revenue, having grown up 7.5 per cent YoY. Momentum continues, not only in video revenue, but also across native, social and programmatic, and Pacific has invested in the talent and resources to ensure continued performance and return.

Advertising trends in the print market have remained challenging with Pacific's advertising revenue down 29.3 per cent on the prior year. The growth in digital revenue has partially offset these declines which continue to challenge both print circulation and print advertising. However, it is worth noting that more than 25 per cent of the revenue decline in the period is attributable to titles closed and sold in the prior year. Despite these closed and sold titles, Pacific delivered print readership growth of 2 per cent and remains Australia's best-performing magazine publisher, delivering 26 per cent of all magazine readership (consumer paid) with just 12 measured titles.

#### Financial Performance: Pacific

	1HFY18 \$m	1HFY17 \$m	Change %
<b>Revenue</b>			
Print and digital advertising	21.7	30.7	(29.3%)
Print and digital circulation and other	51.0	61.2	(16.7%)
<b>Total revenue</b>	<b>72.7</b>	<b>91.9</b>	<b>(20.9%)</b>
<b>Total costs (including depreciation and amortisation)</b>	<b>(66.5)</b>	<b>(90.6)</b>	<b>(26.6%)</b>
<b>EBIT</b>	<b>6.2</b>	<b>1.3</b>	<b>390.8%</b>

The business will continue to deliver against its Pacific2020 plan by optimising the print core, accelerating new growth, and driving profitability and revenue diversification while leveraging the engagement of Australia's most powerful and trusted portfolio of brands.

#### Other Business and New Ventures

Other Business and New Ventures assets include Yahoo7, Community Newspapers, Western Australia Radio, Red Live as well as our investments in early stage businesses including: Airtasker, Society One, Health Engine, StartsAtSixty and Nabo.

The reach and effectiveness of Seven's media assets has driven significant growth for our portfolio of early stage businesses, with portfolio value up 33% YoY. This portfolio includes Australia's #1 Peer to Peer Lender, SocietyOne; #1 GP booking platform, HealthEngine; and #1 Peer to Peer Job Marketplace, Airtasker as well as the fastest growing publisher for digital audience over 50 with StartsAtSixty.

Yahoo7 is one of Australia's leading digital publishers with over 8.9 million monthly unique visitors across its network. This year marked a significant event for the business with the acquisition of Yahoo Inc. by Verizon. In addition, Seven has taken ownership of its long form video catchup service effective of November 2017. Yahoo7 is therefore undertaking a significant transformation of its business to adapt to trends in digital advertising and position the business for growth.

#### Financial Performance: Other

	1HFY18 \$m	1HFY17 \$m	Change %
<b>Revenue</b>			
Radio	4.7	4.8	(2.1%)
Yahoo7 Share of NPAT	1.3	3.4	(61.8%)
Other	2.7	2.6	3.8%
<b>Total revenue</b>	<b>8.7</b>	<b>10.8</b>	<b>(20.1%)</b>
<b>Total costs (including depreciation and amortisation)</b>	<b>(5.2)</b>	<b>(8.8)</b>	<b>(40.6%)</b>
<b>EBIT excluding early stage investments</b>	<b>3.5</b>	<b>2.0</b>	<b>66.7%</b>
Early stage investments share of net losses	(0.8)	(5.0)	84.0%
<b>EBIT</b>	<b>2.7</b>	<b>(3.0)</b>	<b>nm</b>

Other Business and New Ventures contributed EBIT of \$2.7 million, a significant improvement compared to the prior year.



# 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 review of Seven West Media Limited for the half-year ended 30 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature of the KPMG firm, written in black ink.

KPMG

Sydney

20 February 2018

A handwritten signature of Tracey Driver, written in black ink.

Tracey Driver

*Partner*

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 30 December 2017

	Notes	Dec 2017 \$'000	Dec 2016 \$'000
Revenue	2	809,418	903,323
Other income	2	708	2,751
<b>Revenue and other income</b>		<b>810,126</b>	<b>906,074</b>
Expenses	3	(652,011)	(756,652)
Impairment of equity accounted investees	4	-	(75,500)
Net loss on disposal of investments	4	-	(7,149)
Share of net profit (loss) of equity accounted investees	7.1 & 7.2	1,196	(931)
<b>Profit before net finance costs and tax</b>		<b>159,311</b>	<b>65,842</b>
Finance income		575	799
Finance costs		(17,038)	(19,863)
<b>Profit before tax</b>		<b>142,848</b>	<b>46,778</b>
Tax expense	5	(42,120)	(34,393)
<b>Profit for the half year</b>		<b>100,728</b>	<b>12,385</b>
<b>Other comprehensive income (expense)</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Effective portion of changes in fair value of cash flow hedges		2,405	3,540
Exchange differences on translation of foreign operations		(252)	122
Tax relating to items that may be reclassified subsequently to profit or loss		(722)	(878)
<b>Other comprehensive income for the half year, net of tax</b>		<b>1,431</b>	<b>2,784</b>
<b>Total comprehensive income for the half year attributable to owners of the Company</b>		<b>102,159</b>	<b>15,169</b>
Total comprehensive income (expense) attributable to:			
Owners of the Company		102,495	15,169
Non-controlling interests		(336)	-
<b>Total comprehensive income for the year</b>		<b>102,159</b>	<b>15,169</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company</b>			
Basic earnings per share	6	6.7 cents	0.8 cents
Diluted earnings per share	6	6.7 cents	0.8 cents

# Consolidated Statement of Financial Position

As at 30 December 2017

	Notes	Dec 2017 \$'000	Jun 2017 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		140,076	69,490
Trade and other receivables		240,755	276,074
Current tax receivable		-	3,972
Program rights and inventories		226,811	186,255
Other assets		8,311	4,359
<b>Total current assets</b>		<b>615,953</b>	<b>540,150</b>
<b>Non-current assets</b>			
Program rights		2,818	2,559
Equity accounted investees	7.1 & 7.2	52,693	51,362
Other investments		28,405	21,384
Property, plant and equipment		150,933	159,559
Intangible assets	8	1,027,633	1,019,902
Deferred tax assets		6,617	8,653
Other assets		4,932	4,181
<b>Total non-current assets</b>		<b>1,274,031</b>	<b>1,267,600</b>
<b>Total assets</b>		<b>1,889,984</b>	<b>1,807,750</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		240,454	279,488
Provisions		83,362	84,929
Deferred income		34,746	36,357
Current tax liabilities		7,847	-
<b>Total current liabilities</b>		<b>366,409</b>	<b>400,774</b>
<b>Non-current liabilities</b>			
Trade and other payables		28,949	24,053
Provisions		149,207	164,399
Deferred income		3,449	4,456
Borrowings	11	850,917	795,159
<b>Total non-current liabilities</b>		<b>1,032,522</b>	<b>988,067</b>
<b>Total liabilities</b>		<b>1,398,931</b>	<b>1,388,841</b>
<b>Net assets</b>		<b>491,053</b>	<b>418,909</b>
<b>EQUITY</b>			
Share capital	9	3,393,546	3,393,546
Reserves		(949)	(2,526)
Non-controlling interests		(2,094)	(1,758)
Accumulated deficit		(2,899,450)	(2,970,353)
<b>Total equity</b>		<b>491,053</b>	<b>418,909</b>

## Consolidated Statement of Changes in Equity

For the half year ended 30 December 2017

	Share capital \$'000	Cash flow hedge reserve \$'000	Equity compensation reserve \$'000	Reserve for own shares \$'000	Foreign currency translation reserve \$'000	Accumulated deficit \$'000	Total \$'000	Non- controlling Interests \$'000	Total Equity \$'000
<b>Balance at 25 June 2016</b>	<b>3,393,145</b>	<b>(7,030)</b>	<b>3,472</b>	<b>(1,517)</b>	<b>54</b>	<b>(2,135,583)</b>	<b>1,252,541</b>	<b>-</b>	<b>1,252,541</b>
<b>Profit for the half year</b>	-	-	-	-	-	12,385	12,385	-	12,385
Cash flow hedge gains taken to equity	-	3,540	-	-	-	-	3,540	-	3,540
Foreign currency translation differences	-	-	-	-	122	-	122	-	122
Tax on other comprehensive expense	-	(878)	-	-	-	-	(878)	-	(878)
<b>Other comprehensive income for the half year, net of tax</b>	-	2,662	-	-	122	-	2,784	-	2,784
<b>Total comprehensive income for the half year</b>	-	2,662	-	-	122	12,385	15,169	-	15,169
<b>Transactions with owners in their capacity as owners</b>									
Shares sold pursuant to cancellation of loan plan	401	-	-	-	-	-	401	-	401
Dividends paid	-	-	-	-	-	(60,282)	(60,282)	-	(60,282)
Share based payment expense	-	-	179	-	-	-	179	-	179
<b>Total transactions with owners</b>	401	-	179	-	-	(60,282)	(59,702)	-	(59,702)
<b>Balance at 24 December 2016</b>	<b>3,393,546</b>	<b>(4,368)</b>	<b>3,651</b>	<b>(1,517)</b>	<b>176</b>	<b>(2,183,480)</b>	<b>1,208,008</b>	<b>-</b>	<b>1,208,008</b>
<b>Balance at 24 June 2017</b>	<b>3,393,546</b>	<b>(3,523)</b>	<b>2,350</b>	<b>(597)</b>	<b>(756)</b>	<b>(2,970,353)</b>	<b>420,667</b>	<b>(1,758)</b>	<b>418,909</b>
<b>Profit (loss) for the half year</b>	-	-	-	-	-	101,064	101,064	(336)	100,728
Cash flow hedge gains taken to equity	-	2,405	-	-	-	-	2,405	-	2,405
Foreign currency translation differences	-	-	-	-	(252)	-	(252)	-	(252)
Tax on other comprehensive expense	-	(722)	-	-	-	-	(722)	-	(722)
<b>Other comprehensive income for the half year, net of tax</b>	-	1,683	-	-	(252)	-	1,431	-	1,431
<b>Total comprehensive income for the half year</b>	-	1,683	-	-	(252)	101,064	102,495	(336)	102,159
<b>Transactions with owners in their capacity as owners</b>									
Dividends paid	-	-	-	-	-	(30,161)	(30,161)	-	(30,161)
Share based payment expense	-	-	146	-	-	-	146	-	146
<b>Total transactions with owners</b>	-	-	146	-	-	(30,161)	(30,015)	-	(30,015)
<b>Balance at 30 December 2017</b>	<b>3,393,546</b>	<b>(1,840)</b>	<b>2,496</b>	<b>(597)</b>	<b>(1,008)</b>	<b>(2,899,450)</b>	<b>493,147</b>	<b>(2,094)</b>	<b>491,053</b>

## Consolidated Statement of Cash Flows

For the half year ended 30 December 2017

	Notes	Dec 2017 \$'000	Dec 2016 \$'000
<b>Cash flows related to operating activities</b>			
Receipts from customers		912,068	1,052,308
Payments to suppliers and employees		(807,537)	(876,191)
Dividends received from equity accounted investees	7.2	500	700
Interest and other items of similar nature received		469	485
Interest and other costs of finance paid		(11,659)	(15,340)
Income taxes paid, net of tax refunds		(27,487)	(33,805)
<b>Net operating cash flows</b>		<b>66,354</b>	<b>128,157</b>
<b>Cash flows related to investing activities</b>			
Payments for purchases of property, plant and equipment		(3,670)	(5,268)
Proceeds from sale of property, plant and equipment		54	1,611
Payments for intangibles		(9,172)	(8,147)
Payments for other investments		(1,022)	(16,718)
Payments for equity accounted investees		-	(2,596)
Payment for purchase of controlled entities, net of cash acquired		(3,736)	(2,948)
Proceeds from sale of equity accounted investees		-	6,500
Loans issued to related parties		(3,061)	(5,187)
<b>Net investing cash flows</b>		<b>(20,607)</b>	<b>(32,753)</b>
<b>Cash flows related to financing activities</b>			
Proceeds from shares sold pursuant to cancellation of loan plan		-	565
Proceeds from borrowings		115,000	266,000
Repayment of borrowings		(60,000)	(243,204)
Dividends paid	10	(30,161)	(60,282)
<b>Net financing cash inflows (outflows)</b>		<b>24,839</b>	<b>(36,921)</b>
<b>Net increase in cash and cash equivalents</b>		<b>70,586</b>	<b>58,483</b>
Cash and cash equivalents at the beginning of the half year		69,490	94,788
<b>Cash and cash equivalents at the end of the half year</b>		<b>140,076</b>	<b>153,271</b>

## 1. SEGMENT INFORMATION

### 1.1A. Description of Segments

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

Reportable segment	Description of Activities
Television	Production and operation of commercial television programming and stations.
The West	Publishers of newspapers and insert magazines in Western Australia; Quokka (weekly classified advertising publication); Colourpress, Digital publishing and West Australian Publishers.
Pacific	Publisher of magazines in print and digital editions.
Other Business and New Ventures	Made up of equity accounted investees including Yahoo7, Starts at 60, TX Australia, Crowdspark, Oztam, Radio (radio stations broadcasting in regional areas of Western Australia) and RED Live.

The chief operating decision makers, responsible for allocating resources and assessing performance of the operating segments, have been identified as the Chief Executive Officer, the Chief Financial Officer, Business Segment Chief Executive Officers and other relevant members of the executive team. Segment performance is evaluated based on a measure of profit / (loss) before significant items, net finance costs and tax.

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

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

### 1.1B. Segment information

		Television	The West	Pacific	Other Business and New Ventures	Corporate [A]	Total
Half year ended 30 December 2017	REF	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations		624,789	105,890	72,650	6,089	-	809,418
Other income		17	20	-	671	-	708
Share of net profit (loss) of equity accounted investees		-	-	-	1,196	-	1,196
<b>Revenue, other income and share of net profit (loss) of equity accounted investees</b>		<b>624,806</b>	<b>105,910</b>	<b>72,650</b>	<b>7,956</b>	<b>-</b>	<b>811,322</b>
Expenses		(465,344)	(90,004)	(66,491)	(5,048)	(7,652)	(634,539)
<b>Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation</b>		<b>159,462</b>	<b>15,906</b>	<b>6,159</b>	<b>2,908</b>	<b>(7,652)</b>	<b>176,783</b>
Depreciation and amortisation	[B]	(12,104)	(5,159)	(3)	(176)	(30)	(17,472)
<b>Profit (loss) before significant items, net finance costs and tax</b>		<b>147,358</b>	<b>10,747</b>	<b>6,156</b>	<b>2,732</b>	<b>(7,682)</b>	<b>159,311</b>
<b>Half year ended 24 December 2016</b>							
Revenue from continuing operations		696,219	108,367	91,889	6,848	-	903,323
Other income		2,642	109	-	-	-	2,751
Share of net loss of equity accounted investees		-	-	-	(931)	-	(931)
<b>Revenue, other income and share of net loss of equity accounted investees</b>		<b>698,861</b>	<b>108,476</b>	<b>91,889</b>	<b>5,917</b>	<b>-</b>	<b>905,143</b>
Expenses		(545,680)	(83,074)	(89,291)	(8,654)	(7,657)	(734,356)
<b>Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation</b>		<b>153,181</b>	<b>25,402</b>	<b>2,598</b>	<b>(2,737)</b>	<b>(7,657)</b>	<b>170,787</b>
Depreciation and amortisation	[B]	(10,181)	(10,520)	(1,344)	(208)	(43)	(22,296)
<b>Profit (loss) before significant items, net finance costs and tax</b>		<b>143,000</b>	<b>14,882</b>	<b>1,254</b>	<b>(2,945)</b>	<b>(7,700)</b>	<b>148,491</b>

[A] Corporate is not an operating segment. The amounts presented above are unallocated revenue and costs.

[B] Excludes program rights amortisation which is treated consistently with Media Content (refer note 3).

### 1.1C. Other segment information

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

	Notes	Dec 2017 \$'000	Dec 2016 \$'000
<b>Reconciliation of profit before significant items, net finance costs and tax</b>			
Profit before significant items, net finance costs and tax		159,311	148,491
Finance income		575	799
Finance costs		(17,038)	(19,863)
<b>Profit before tax excluding significant items</b>		<b>142,848</b>	129,427
Significant items	4	-	(82,649)
<b>Profit before tax</b>		<b>142,848</b>	46,778

	Dec 2017 \$'000	Dec 2016 \$'000
<b>2. REVENUE AND OTHER INCOME</b>		
<b>Sales revenue</b>		
Advertising revenue	615,789	679,665
Circulation revenue	79,704	85,350
Program sales and fees	89,950	108,229
Rendering of services	12,830	13,969
Other revenue	11,145	16,110
<b>Total revenue</b>	<b>809,418</b>	<b>903,323</b>
<b>Other income</b>		
Net gain on disposal of property, plant and equipment and other intangibles	39	2,751
Gain on investment at fair value	634	-
Sundry income	35	-
<b>Total other income</b>	<b>708</b>	<b>2,751</b>

### 3. EXPENSES

<b>Expenses</b>		
Depreciation and amortisation (excluding program rights amortisation)	(17,472)	(22,296)
Advertising & marketing expenses	(22,252)	(24,021)
Printing, selling & distribution (including newsprint and paper)	(42,380)	(46,852)
Media content (including program rights amortisation)	(275,983)	(349,253)
Employee benefits expense (excluding significant items)	(204,121)	(203,454)
Raw materials and consumables used (excluding newsprint and paper)	(4,448)	(4,698)
Repairs and maintenance	(8,801)	(7,979)
Licence fees	(17,110)	(31,103)
Other expenses from ordinary activities	(59,444)	(66,996)
<b>Total expenses</b>	<b>(652,011)</b>	<b>(756,652)</b>
<b>Depreciation and amortisation</b>		
Property, plant and equipment and intangible assets	(17,472)	(22,296)
Television program rights amortisation	(55,444)	(57,889)
<b>Total depreciation and amortisation</b>	<b>(72,916)</b>	<b>(80,185)</b>



		Dec 2017	Dec 2016
	REF	\$'000	\$'000
<b>4. SIGNIFICANT ITEMS</b>			
Profit before tax expense includes the following specific expenses for which disclosure is relevant in explaining the financial performance of the Group:			
Impairment of equity accounted investees	[A]	-	(75,500)
Net loss on disposal of investments	[B]	-	(7,149)
Total significant items before tax		-	(82,649)
Tax expense		-	(711)
Total significant items net of tax		-	(83,360)

[A] At December 2016, an impairment review of the Group's equity accounted investees was performed, resulting in an impairment of \$75.5m (refer note 7).

[B] At December 2016, net loss on disposal of investments relate to Presto TV Pty Limited and Australian News Channel Pty Limited.

## 5. TAX EXPENSE

### Reconciliation of tax expense to prima facie tax payable

Profit before tax	142,848	46,778
Tax at the Australian tax rate of 30% (2016: 30%)	(42,854)	(14,033)
Tax effect of amounts which are not (deductible) taxable in calculating taxable income:		
Share of net profit (loss) of equity accounted investees	359	(279)
Deferred tax assets not recognised in relation to impairment of equity accounted investees	-	(22,650)
Non-assessable income	1,204	-
Other non-deductible items	(448)	(51)
Adjustments for tax of prior periods	(381)	2,620
Tax expense	(42,120)	(34,393)

## 6. EARNINGS PER SHARE

	Dec 2017	Dec 2016
<b>Basic earnings per share</b>		
Profit attributable to the ordinary equity holders of the Company	<b>6.7 cents</b>	0.8 cents
<b>Diluted earnings per share</b>		
Profit attributable to the ordinary equity holders of the Company	<b>6.7 cents</b>	0.8 cents
	<b>\$'000</b>	<b>\$'000</b>
<b>Earnings used in calculating earnings per share</b>		
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share.	<b>100,728</b>	12,385
	<b>Number</b>	<b>Number</b>
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares outstanding during the half year used in the calculation of basic earnings per share	<b>1,507,840,662</b>	1,507,250,149
Adjustments for calculation of diluted earnings per share:		
- Share rights issued pursuant to equity incentive plan	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<b>1,507,840,662</b>	1,507,250,149
<b>Additional information:</b>		
<b>Earnings per share based on net profit excluding significant items net of tax</b>		
Basic earnings per share	<b>6.7 cents</b>	6.4 cents
Diluted earnings per share	<b>6.7 cents</b>	6.4 cents
	<b>Dec 2017</b>	<b>Dec 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Earnings used in calculating earnings per share based on profit excluding significant items</b>		
Profit attributable to the ordinary equity holders of the Company	<b>100,728</b>	12,385
Add back significant items net of tax (refer note 4)	-	83,360
<b>Profit after tax excluding significant items net of tax</b>	<b>100,728</b>	95,745

## 7. EQUITY ACCOUNTED INVESTEEES

Name of entity	REF	Principal activities	Reporting date	Ownership interest	
				Dec 2017 %	Jun 2017 %
Airline Ratings Pty Limited		Ratings service provider	30 June	50.0	50.0
7Beyond Media Rights Limited		Television production	30 June	50.0	50.0
Bulls N' Bears Holdings Pty Ltd	[A]	Public company news provider	30 June	-	50.0
Community Newspaper Group Limited		Newspaper publishing	30 June	49.9	49.9
Crowdspark Limited (Formerly Newzulu Limited)		Online news provider	30 June	21.9	21.9
Draftstars Pty Ltd		Fantasy sports platform	30 June	33.3	33.3
Epicfrog Pty Limited (trading as Nabo)	[B]	Online social network	30 June	23.5	29.6
Evolink Pty Ltd (trading as Muzz Buzz Express)	[C]	Drive-through coffee franchise	30 June	-	50.0
Health Engine Pty Limited		Online health directory	30 June	16.3	16.3
New You Group Pty Limited (trading as Kochie Money Makeover)		Provider of general financial advice	30 June	50.0	50.0
Oscar Winter Pty Limited		Online retail jewellery business	30 June	33.3	33.3
Oztam Pty Limited		Ratings service provider	31 December	33.3	33.3
Starts at 60 Pty Limited		Online social network for seniors	30 June	35.3	35.3
TX Australia Pty Limited		Transmitter facilities provider	30 June	33.3	33.3
Yahoo Australia & New Zealand (Holdings) Pty Limited		Internet content provider	31 December	50.0	50.0

[A] Investment in Bulls N' Bears Holdings Pty Ltd was disposed of on 30 June 2017.

[B] Following a capital raising by Epicfrog Pty Limited, the shareholding in this investment was diluted from 29.6% to 23.5%.

[C] Investment in Evolink Pty Ltd was disposed of on 24 September 2017.

### 7.1 Significant Equity Accounted Investees

Yahoo Australia and New Zealand (Holdings) Pty Limited	
Investment	A jointly controlled entity with Yahoo Inc of which the Group has a 50% interest shareholding. Yahoo7 is a digital platform providing e-mail, online news, lifestyle content, video, catch up TV services as well as weather, travel and retail comparison services.
Principal place of business/ Country of incorporation	Australia
Accounting treatment	Equity method

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

	REF	Dec 2017 \$'000	Dec 2016 \$'000
Revenue		36,044	40,963
Net profit for the half year	[A]	2,537	6,783
Group's 50% share of profit for the year		1,268	3,392

[A] Includes depreciation and amortisation of \$3,799,000 (Dec 2016: \$2,251,000) and income tax benefit of \$981,000 (Dec 2016 Tax Expense: \$2,931,000). Interest expense and income for both reporting periods is not significant.

		Dec 2017 \$'000	Jun 2017 \$'000
Current assets	[B]	42,090	36,045
Non-current assets		77,240	76,247
Current liabilities		(21,617)	(16,792)
Non-current liabilities		(2,473)	(19,552)
Net assets		95,240	75,948

[B] Includes cash and cash equivalents of \$22,091,000 (Jun 2017: \$24,257,000).

	Dec 2017 \$'000	Jun 2017 \$'000
<b>7. EQUITY ACCOUNTED INVESTEEES (continued)</b>		
<b>Movements in carrying amount of the investment in Yahoo7</b>		
Carrying amount at the beginning of the half year	46,379	200,779
Impairment of equity accounted investees (note 4)	-	(154,695)
Share of profit of investees after tax	1,268	5,295
Dividends received	-	(5,000)
Carrying amount at the end of the half year	47,647	46,379

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

Valuation of this investment is performed using a value-in-use approach. The value-in-use was determined using a pre-tax discount rate of 13.1% (June 2017: 15.9%) and a terminal value growth rate of 2.5% (June 2017: 3.0%).

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

	Dec 2017 \$'000	Jun 2017 \$'000
Groups share of net assets (50%)	47,620	37,974
Fair value adjustment of acquisition	27	8,405
Carrying amount of the investment at end of the half year	47,647	46,379

There are no significant capital commitments or contingent liabilities held by or owed by this equity accounted investee as at reporting date.

## 7.2 Other Equity Accounted Investees

Below is the summarised financial information for the Group's remaining associates and jointly controlled investments.

All amounts shown are 100% unless otherwise stated.

	Dec 2017 \$'000	Dec 2016 \$'000
REF		
Net loss for the year (continuing operations)	(3,653)	(8,072)
Group's share of loss for the half year [A]	(72)	(4,323)

[A] Share of loss is based on ownership percentages ranging from 24% to 50% for each equity accounted investee.

	Dec 2017 \$'000	Jun 2017 \$'000
<b>Movements in carrying amounts of other investments</b>		
Carrying amount at the beginning of the half year	4,983	15,231
Impairment of equity accounted investees (note 4)	-	(21,340)
Share of loss of investees after tax	(72)	(4,846)
Dividends received	(500)	(1,280)
Acquisitions and other movements	635	17,218
Carrying amount at the end of the half year	5,046	4,983

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

The Group has not recognised losses in relation to its interests in equity accounted investees as the Group has no obligation in respect of these losses.

## 8. INTANGIBLE ASSETS

### Half year ended 30 December 2017

	Licences \$'000	Mastheads \$'000	Program copyrights \$'000	Computer software \$'000	Goodwill \$'000	Trademark \$'000	Total \$'000
Net carrying amount at the beginning of the half year	955,660	37,913	-	25,354	926	49	1,019,902
Additions	-	-	-	9,118	-	34	9,152
Amortisation charge	-	-	-	(5,152)	-	(8)	(5,160)
Acquisition of controlled entity	[A]	-	-	-	3,739	-	3,739
Net carrying amount at the end of the half year	955,660	37,913	-	29,320	4,665	75	1,027,633

#### Comprised of:

Cost	2,355,396	251,124	20,848	100,984	1,257,504	95	3,985,951
Accumulated amortisation and impairment	(1,399,736)	(213,211)	(20,848)	(71,664)	(1,252,839)	(20)	(2,958,318)

### Year ended 24 June 2017

Net carrying amount at the beginning of the year	1,388,048	97,542	-	37,385	29,946	41	1,552,962
Additions	-	-	-	11,938	-	12	11,950
Amortisation charge	-	-	-	(10,381)	-	(4)	(10,385)
Acquisition of controlled entity	[B]	20,834	-	-	3,309	-	24,143
Impairment	(432,388)	(80,463)	-	(13,588)	(32,329)	-	(558,768)
Net carrying amount at the end of the year	955,660	37,913	-	25,354	926	49	1,019,902

#### Comprised of:

Cost	2,355,396	251,124	20,848	91,866	1,253,765	61	3,973,060
Accumulated amortisation and impairment	(1,399,736)	(213,211)	(20,848)	(66,512)	(1,252,839)	(12)	(2,953,158)

A. Goodwill additions for the half year relate to the acquisition of Great Southern Television Limited on 10th December 2017.

B. Goodwill additions in FY17 relate to the acquisition of Slim Film & Television Pty Limited on 28th July 2016 which has been subsequently impaired.

The Group performs its impairment testing at least annually for intangible assets with indefinite useful lives. At each reporting date reviews are performed for indications of impairment for the Group's assets with indefinite lives. Where an indication of impairment is identified, a formal impairment assessment is performed.

The Group assessed the recoverable amount for each of the Cash Generating Units ('CGUs') and groups of CGUs being Television, The West (Metro and Regional) and Pacific businesses. A CGU is the group of assets at the lowest level for which there are separately identifiable cash inflows. CGU groups are an aggregation of CGUs which have similar characteristics.

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 carrying amounts. No impairment losses for intangible assets have been incurred or reversed during the current half year.

### 8.1A. Allocation of goodwill and indefinite life assets

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

	Goodwill \$'000	Licences, masthead \$'000	Total \$'000
<b>Allocation of CGU Groups</b>			
<b>Half year ended 30 December 2017</b>			
Television	3,739	938,344	942,083
The West (Metro and Regional)	-	37,913	37,913
Pacific	-	-	-
Other Business and New Ventures	926	17,316	18,242
Total goodwill and indefinite life assets	4,665	993,573	998,238
<b>Year ended 24 June 2017</b>			
Television	-	938,344	938,344
The West (Metro and Regional)	-	37,913	37,913
Pacific	-	-	-
Other Business and New Ventures	926	17,316	18,242
Total goodwill and indefinite life assets	926	993,573	994,499

## 8. INTANGIBLE ASSETS (continued)

### 8.1B. Impairment of cash generating units ('CGUs') including goodwill and indefinite life assets

In accordance with the Group's accounting policies, the Group has evaluated whether the carrying amount of a CGU or group of CGUs exceeds its recoverable amount as at 30 December 2017. The Group has determined the CGUs to be Television, The West (Metro and Regional) and Pacific businesses. The recoverable amount is determined using a value-in-use model.

In prior periods, Pacific mastheads, licences and goodwill have been fully written down. Management's assessment has shown no indicators of impairment reversal in the current period.

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

#### (i) Cash flows

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

##### Television

- The advertising market growth rates are assumed to be consistent with industry market participant expectations and long-term industry growth rates.
- The Company's share of Metro Free to Air advertising market is assumed to remain stable based on historical rates.
- Expenses are assumed to increase by CPI or reflects management's view of program and sports rights.

##### The West (Metro and Regional)

- Publishing revenue has been assumed to decline in line with past performance, current market trend and management's expectations of market development.
- Digital revenue assumptions are in line with industry trends and management's expectations of market development.
- Expenses are expected to decrease based on committed cost reduction initiatives and volume assumptions.

#### (ii) Terminal growth factor

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

#### (iii) Discount rate

The discount rate is an estimate of the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the CGU. The pre-tax and post-tax discount rates applied to the CGU's cash flows projections are detailed below.

	Terminal growth factor		Discount rate (pre-tax)		Discount rate (post-tax)	
	Dec-17	Jun-17	Dec-17	Jun-17	Dec-17	Jun-17
Television	0.5%	0.5%	14.5%	13.9%	9.3%	9.3%
The West - Metro	0.0%	0.0%	13.4%	12.0%	10.3%	10.3%
The West - Regional	0.0%	0.0%	14.6%	15.5%	10.3%	10.3%

### 8.1C. Impact of possible changes in key assumptions

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

Following an impairment analysis of Television and The West (Regional and Metro), the recoverable amounts are equal to the carrying amounts. Therefore any adverse movements in key assumptions would lead to changes in carrying amount.

## 9. SHARE CAPITAL

	Dec 2017 \$'000	Jun 2017 \$'000
1,508,034,368 (June 2017: 1,508,034,368) Ordinary shares fully paid	3,393,546	3,393,546

### Ordinary shares

	Dec 2017 Shares	Jun 2017 Shares	Dec 2017 \$'000	Jun 2017 \$'000
Balance at the beginning of the half year	1,508,034,368	1,507,137,418	3,393,546	3,393,145
Movements during the half year:				
Shares sold pursuant to cancellation of loan plan	-	896,950	-	401
Balance at the end of the half year	1,508,034,368	1,508,034,368	3,393,546	3,393,546

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

## 10. DIVIDENDS

	Dec 2017 \$'000	Dec 2016 \$'000
Final ordinary dividend for the year ended 24 June 2017 of 2 cents per share (25 June 2016: 4 cents), fully franked based on tax paid at 30%, paid on 18 October 2017 (25 June 2016: 7 October 2016)	30,161	60,282

### Dividends not recognised at half year end

In December 2016, the directors declared an interim dividend of 2 cents per ordinary share, fully franked based on tax paid at the rate of 30%. This was paid on 13 April 2017 and was not recognised as a liability at half year end.

In December 2017, no interim dividend has been declared.	-	30,161
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	REF	Dec 2017 \$'000	Jun 2017 \$'000
<b>11. BORROWINGS</b>			
<b>NON-CURRENT</b>			
Bank loans – unsecured, net of unamortised refinancing costs	[A]	850,917	795,159

[A] The unsecured bank loans are net of \$4.1 million (June 2017: \$4.8 million) unamortised refinancing costs.

## 12. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

Assets or liabilities measured and recognised at fair value through profit and loss are the assets/liabilities recognised in relation to interest rate cash flow hedges and foreign exchange cash flow hedges amounting to \$3,559,000 (June 2017: \$5,756,000). 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.

## 13. BUSINESS COMBINATION

### Acquisitions in 2017

#### *Acquisition of Great Southern Television Limited*

On 10th December 2017, Seven West Media Limited acquired 70% of Great Southern Television Limited and its subsidiaries. The company is based in New Zealand and develops, creates and produces programs for an international audience.

Preliminary net assets acquired were \$0.1m and purchase consideration transferred was \$3.7m. The goodwill of \$3.7m comprises the value of expected synergies arising from the acquisition.

## 14. CONTINGENT LIABILITIES

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

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



## 15. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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This half year financial report is for the Group consisting of Seven West Media Limited (the "Company") and its subsidiaries. The half year financial report is a general purpose financial report and is to be read in conjunction with the annual report for the year ended 24 June 2017 and any public announcements made by Seven West Media Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

### 15.1 Basis of preparation

This half year financial report is for the reporting period ended 30 December 2017 and has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Act 2001 and with IAS 34 Interim Financial Reporting.

It does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The accounting policies, standards and methods of computation adopted in the half year financial report are consistent with those applied by the Group in the consolidated financial statements for the year ended 24 June 2017.

This half year financial report has been prepared on the basis of historical cost except for derivative financial instruments which are stated at their fair value.

### 15.2 Use of estimates and judgements

The preparation of the half year financial report 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 preliminary half year financial report, 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 remainder of this financial year are discussed below.

#### 15.2.A. Recoverable amounts of receivables

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

#### 15.2.B. Recoverable amounts of program rights

The group recognises program rights at the earlier of when cash payments are made or from the commencement of the rights period of the contract. These are capitalised and amortised over the useful life of the content. The assessment of the appropriate carrying value of these rights requires estimation by management of the forecast future cash flows which will be derived from that content. This estimate is based on a combination of market conditions and the value generated from the broadcast of comparable programs.

#### 15.2.C. Recoverable amounts of intangible assets and investments

The Group tests annually whether investments, goodwill and intangibles with indefinite useful lives have suffered any impairment in accordance with the Group accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use and fair value less cost to sell approaches. These calculations require the use of estimates and assumptions.

#### 15.2.D. Recoverable amounts of Property, Plant and Equipment

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

#### 15.2.E. Restructuring and redundancy provisions

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

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

#### 15.2.F. Onerous provisions

The Group has recognised an onerous contract provision in relation to a number of specific non-cancellable purchase contracts for television programs and sporting broadcast rights. The majority of the provision relates to legacy output deals for US content and the Tokyo Olympics. The onerous losses arise over the next six years aligned with the expected broadcast date of the programs and events.

Key assumptions made concerning future events are:

- The economic benefits expected to be received under the contracts is based on the historical benefits received on similar television programming and sports rights, adjusted to reflect the Group's expectation of future growth rates for the advertising market;
- The costs of fulfilling the contract are estimated with reference to contractual rates and historical incremental costs of similar programming assumed to increase by CPI; and
- The expected term of the legacy output deals is estimated based on current US market ratings performance and historical series life of similar programming.

## 15. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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### 15.2.G. Current and Deferred taxes

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

### 15.2.H. Share-Based Payments

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

## 15.3 Comparatives

Comparative information is reclassified where appropriate to enhance comparability.

## 15.4 Significant accounting policies

A number of new accounting standards have been issued or amended but were not effective during the half year ended 30 December 2017. The Group has elected not to early adopt any of these new standards or amendments in these financial statements.

### AASB 15 Revenue from Contracts with Customers

AASB 15 provides a new five step model for recognising revenue earned from a contract with a customer and will replace all current revenue standards and interpretations including AASB 118 Revenue. The new standard is effective from 1 January 2018 and will be adopted for the Group from annual periods beginning on 1 July 2018.

The core principle of AASB 15 is that revenue is recognised when a customer obtains control of promised goods or services. The amount of revenue recognised should reflect the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard has introduced a five-step model as the framework for applying that core principle as follows: (i) identify the contract with the customer; (ii) identify the performance obligations; (iii) determine the transaction price; (iv) allocate the transaction price to separate performance obligations; and (v) recognise revenue when a performance obligation is satisfied. Moreover, AASB 15 includes more disclosure requirements about the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers.

The Group is currently undertaking a comprehensive review for the implementation of AASB 15, with an aim to identify potential areas of impact by each operating segment and to consider the need to adjust internal control systems over financial reporting, if necessary. Based on the preliminary analysis performed, this standard is not expected to have a material impact on the Group, however it may require additional information disclosed in relation to revenue in the Group financial statements.

### AASB 9 Financial Instruments

This standard addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The new standard also introduces expanded disclosure requirements and changes in presentation. This standard must be applied for financial years commencing on or after 1 January 2018.

The Group believes AASB 9 will not have a material impact to its financial statement.

### AASB 16 Leases

This standard will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts.

On initial assessment, the Group believes AASB 16 will not have a material impact to its financial statement.

## 16. SUBSEQUENT EVENTS

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In the interval between the end of the half year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of these operations, or the state of affairs of the Group, currently or in future financial years.

## Directors' Declaration

Seven West Media Limited  
ABN 91 053 480 845

FOR THE HALF YEAR ENDED 30 DECEMBER 2017

In the opinion of the Directors of Seven West Media Limited (the Company):

1. the consolidated financial statements and notes set out on pages 8 to 23 are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the Group's financial position as at 30 December 2017 and of its performance for the half year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors



KM Stokes AC  
Chairman

20 February 2018

# Independent Auditor's Review Report

To the shareholders of Seven West Media Limited

## Report on the Half-year Financial Report

### Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Seven West Media Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Seven West Media Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 December 2017 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 30 December 2017.
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Seven West Media Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

### Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year 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 Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 December 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Seven West Media Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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



KPMG

Sydney

20 February 2018



Tracey Driver

Partner