18 February 2020

Company Announcements Office
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

By electronic lodgment

Total Pages: 43 (including covering letter)

Dear Sir / Madam

APPENDIX 4D & HALF YEAR FINANCIAL REPORT

Following is the Appendix 4D and Half Year Financial Report for the half year ended 28 December 2019.

Yours faithfully
For and on behalf of Seven West Media

Warren Coatsworth
Company Secretary

SEVEN WEST MEDIA LIMITED ABN 91 053 480 845
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Seven West Media Limited
Appendix 4D
Half Year Financial Report
for the half year ended 28 December 2019

Results for announcement to the market

	Dec 2019 $'000	Restated[3] Dec 2018 $'000	Movement
Reported			
Revenue from ordinary activities	**771,718**	797,441	Down 3.2%
Other income	**706**	602	Up 17.3%
Revenue and other income	**772,424**	798,043	Down 3.2%
(Loss) profit from ordinary activities after tax attributable to members	**(66,346)**	83,779	N/A
Net (loss) profit for the period attributable to members	**(66,346)**	83,779	N/A
Additional information			
Underlying group EBIT[1]	**119,726**	151,152	Down 20.8%
Underlying group EBITDA[2]	**136,577**	171,007	Down 20.1%
Significant items before tax (refer Note 5)	**(165,575)**	(8,587)	N/A
Profit before tax excluding significant items (refer Note 2.1C)	**98,191**	125,414	Down 21.7%
Profit after tax excluding significant items net of tax	**69,265**	89,415	Down 22.5%

The current reporting period relates to the period from 30 June 2019 to 28 December 2019 and the previous reporting period relates to the period from 01 July 2018 to 29 December 2018.

Dividends	**Amount per security**	**Franked amount per security**
Final dividend 2019 (paid during current reporting period)	nil	nil
Interim dividend 2020	nil	nil

Net tangible assets	**Dec 2019**	**Jun 2019**
Net tangible asset backing per ordinary share (cents)	**(0)**	(0)

Entities over which control was gained or lost during the period

On 13 November 2019, the Group disposed of its investment in Media Beach Pte. Limited.

Note 1: Underlying EBIT is profit before significant items, net finance costs and tax

Note 2: Underlying EBITDA is profit before significant items, net finance costs, tax, depreciation and amortisation

Note 3: Prior year figures have been restated for retrospective transition method of AASB 16 Leases standard

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Directors' Report

Seven West Media Limited

ABN 91 053 480 845

FOR THE HALF YEAR ENDED 28 DECEMBER 2019

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 28 December 2019 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**
Non-Executive	
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 from September 2008 to November 2019
Colette Garnsey OAM	Director since December 2018
The Hon. Jeffrey Gibb Kennett AC	Director from June 2015 to November 2019
Michael Malone	Director since June 2015
Ryan Kerry Stokes	Director since August 2012
Michael Ziegelaar	Director since November 2017
Executive	
Timothy Worner	Managing Director & Chief Executive Officer from June 2015 to August 2019
James Warburton (Managing Director & Chief Executive Officer)	Managing Director & Chief Executive Officer since August 2019

Review of results and operations

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

ACCELERATED TRANSFORMATION

For the half year ended 28 December 2019, the Group recorded profit before significant items, net finance costs and tax (EBIT) of $119.7 million. The statutory net loss after tax was $67.0m (including significant items).

SMI data reported the Australian advertising market down 8.5% in the 6 months to 31 December 2019 compared to the previous period. ThinkTV reported the metropolitan FTA market decreased by 7.0% for this period. This market decline drove virtually all of Seven West Media's revenue decline in the half.

Notwithstanding tough advertising market conditions, Seven increased its revenue share to 38.8% from 38.4% in the half. Seven was the #1 FTA network by revenue share during the period. A revised content strategy, outlined in the August 2019 results and 2019 AGM, has been implemented to enhance Seven's audience proposition. The Group expects it will take some time for the impact of the new strategy to positively impact earnings and cash flow.

Growth in the BVOD market in the period was 42%, well ahead of management projections albeit off a low base. The Group continues to look at opportunities to invest in its digital offerings to drive revenue and earnings growth.

Review of results and operations (continued)

In the ordinary course of business the Group prepares longer term and detailed projections for the next 12 months. Softer than expected market conditions in 2019 and into January 2020 have resulted in such projections for the remainder of FY20 being revised downwards. In response to these softer market conditions and to fund the new content strategy, the Group implemented a $45 million cost out programme, most of which will be realised during the second half of FY20 and into FY21. Transformation remains a core pillar of the Group's strategy and further cost savings are being pursued.

The Group uses best estimate assumptions in the development of projections which include benchmarking against independently sourced information for key assumptions such as the metropolitan free-to-air advertising market.

The Directors note, however, that some of the key assumptions underpinning projections are uncertain due to factors which are outside of the control of the Group. The Directors recognise that these market conditions require action to be accelerated to advance the Group's content strategy, its transformation and its balance sheet. To counter these uncertainties the Directors have approved several actions to accelerate the Group's transformation and debt reduction agenda to ensure adequate headroom with respect to the Group's financial covenants. The Group is reviewing a range of initiatives and asset sales that include:

- the sale of Redwave completed on 31 December 2019 (post half year end, $28 million net proceeds);
- the sale of the Pacific operating segment to Bauer for $40 million: the Group is assisting the ACCC with its ongoing enquiries with respect to this transaction and remains confident it will complete the sale during the second half; and
- further operational cost and cash savings have been identified for execution in the second half which are expected to deliver an additional net $20 million cash benefit in FY21 over and above the $45 million in savings already implemented.

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

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the half year ended 28 December 2019.

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.

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KM Stokes AC

Chairman

18 February 2020

Seven West Media

Review of Operations

Group Performance

Summary of Financial Performance

	1HFY20 $m	1HFY19[4] $m	Change %[3]
Revenue	771.7	797.4	(3.2%)
Other income	0.7	0.6	17.3%
Share of net profit of equity accounted investees	0.9	0.9	6.6%
Revenue, other income and equity accounted profits	773.3	798.9	(3.2%)
Operating expenses excluding depreciation and amortisation	(636.7)	(627.9)	1.4%
EBITDA [1]	**136.6**	**171.0**	**(20.1%)**
Depreciation and amortisation	(16.9)	(19.8)	(15.1%)
EBIT [2]	**119.7**	**151.2**	**(20.8%)**
Net finance costs	(21.5)	(25.8)	(16.3%)
Profit before significant items and tax	**98.2**	**125.4**	**(21.7%)**
Significant items excluding tax	(165.6)	(8.6)	nm[5]
(Loss) Profit before tax	**(67.4)**	**116.8**	**nm**
Tax benefit (expense)	0.4	(33.4)	nm
(Loss) Profit after tax	**(67.0)**	**83.4**	**nm**
EBITDA margin	17.7%	21.4%	
Basic EPS	(4.4 cents)	5.6 cents	
Basic EPS excluding significant items net of tax	4.6 cents	6.0 cents	
Diluted EPS	(4.4 cents)	5.6 cents	
Diluted EPS excluding significant items net of tax	4.6 cents	6.0 cents	

(1) EBITDA relates to profit before significant items, net finance costs, tax, depreciation and amortisation.
(2) EBIT relates to profit before significant items, net finance costs and tax.
(3) Change percentages are calculated on whole dollars and not the rounded amounts presented.
(4) Prior year figures have been restated for AASB 16 Leases standard.
(5) "nm" means "not meaningful"

Reconciliation of EBIT to Statutory Profit Before Tax

	1HFY20 $m	1HFY19[4] $m	Change %
EBIT	**119.7**	**151.2**	**(20.8%)**
Net finance costs	(21.5)	(25.8)	(16.3%)
Significant items excluding tax	(165.6)	(8.6)	nm
(Loss) Profit before tax	**(67.4)**	**116.8**	**nm**

Seven West Media Limited reported a statutory net loss after tax of $67.0 million (including significant items) for the half year ended 28 December 2019. This compares to the previous corresponding half year statutory net profit after tax of $83.4 million.

Underlying net profit after tax of $69.3 million is down 22.5 per cent on the previous half year underlying profit after tax of $89.4 million.

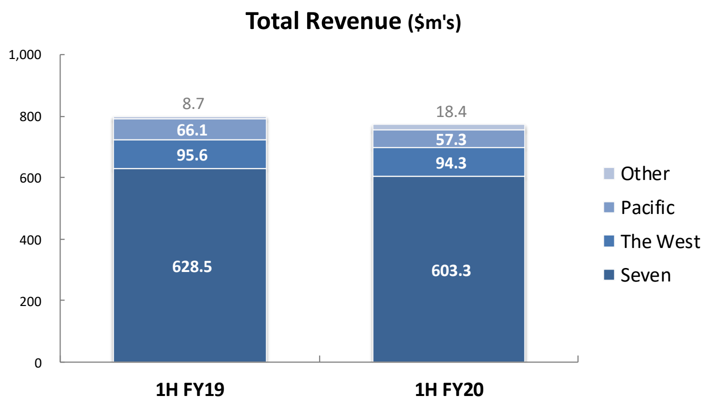
The group delivered revenue of $772.4 million (excluding share of associates), down 3.2 per cent compared with the previous year, and profit before significant items, net finance costs and tax (EBIT) of $119.7 million was down 20.8 per cent on the previous year.

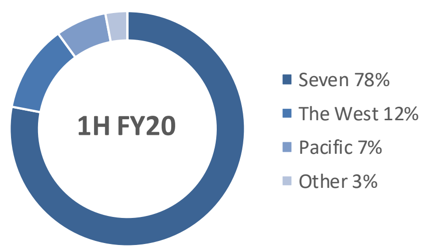
The dividend remains temporarily suspended with a focus on prudent capital management and balance sheet flexibility post relaxation in media ownership legislation.

Advertising Market and Revenue Performance

SMI data reported that the Australian advertising market fell 8.5 per cent in the 6 months to 31 December 2019 compared to the previous period. Metropolitan television advertising decreased 7.0 per cent to $1.32 billion for this period based on KPMG ThinkTV data. ThinkTV also reported that advertising revenues from online catch-up and live TV streaming grew 42 per cent YoY during the December half. Seven reported a 39.0 per cent share of the metro Television advertising market among commercial networks for the calendar year and a leading 38.8 per cent share for the half.

Advertising in the digital market also came under pressure, with SMI data indicating a decline of 8.5 per cent for the 6 months period to 31 December 2019 against the prior year. Despite this market decline, SWM's digital revenues continued to grow rapidly and will represent a higher proportion of revenue in the 2020 financial year.

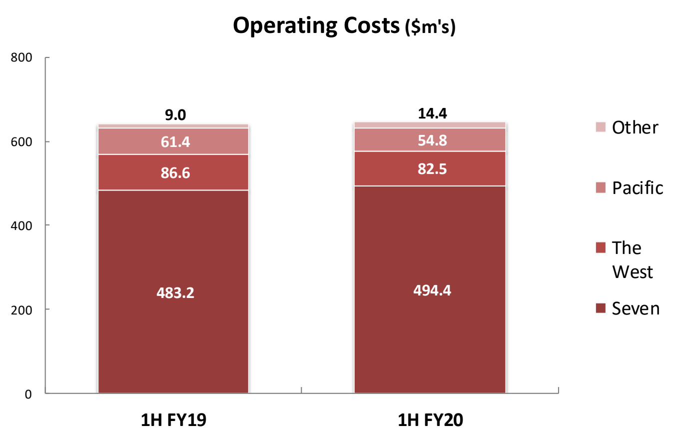


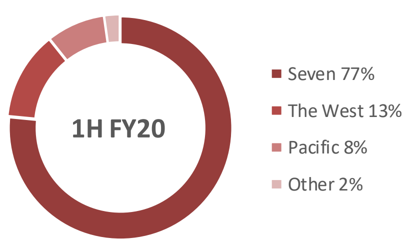


Cost Management

Excluding significant items, total Group costs (including depreciation and amortisation) for the 6 months to 28 December 2019 increased 0.9 per cent, with cost savings in The West and Pacific being offset by cost growth in Seven attributable to content investment and Studios.

Costs in the Seven business, including digital and Seven Studios, increased 2.3 per cent with cost growth from content investment and cost growth in Seven Studios offset by annualised cost savings initiatives across the business, including the impact of the headcount reduction implemented in 2019. Excluding new third-party productions and the consolidation of 7Beyond into Studios earnings, Seven's costs were broadly flat. The West and Pacific recorded cost reductions of 4.8 per cent and 10.7 per cent respectively.

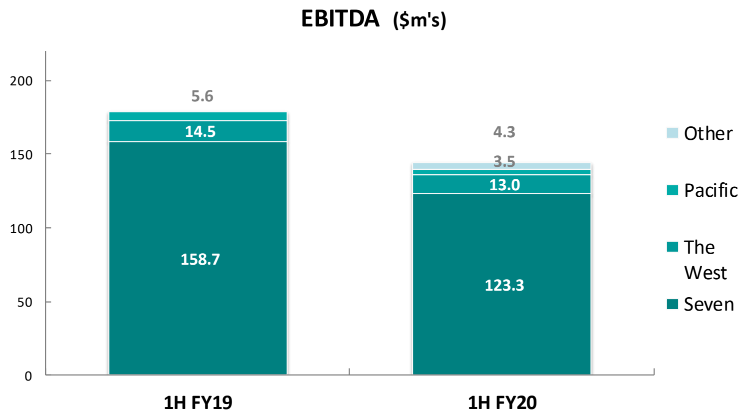


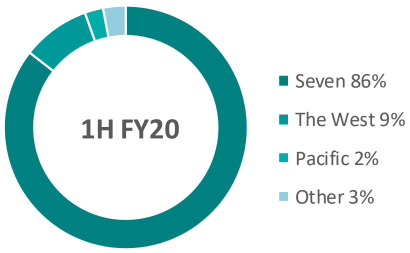


The charts above exclude the impact of significant items and Corporate costs.

EBITDA and Operating Margins

Seven West Media delivered EBITDA for the six-month period to 28 December 2019 of $136.6 million on an underlying basis, 20.1 per cent lower than the prior year, at an EBITDA margin of 17.7 per cent. Seven's EBITDA accounted for 86 per cent of total group EBITDA for the period.





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

Balance Sheet

At 28 December 2019 Seven West Media had net assets of $20.9 million.

Group net debt at the end of the period stood at $569.5 million. The Group's net debt to EBITDA ratio at 28 December 2019 was 2.5x EBITDA (June 2019: 2.3x). The group received the $28 million cash contribution from the sale of Redwave Radio after the first half reporting period. Including this contribution, group debt was $541.5 million, representing a 2.4x net debt to EBITDA on the last 12 months' trading. The company remains highly focused on working down its debt position.

Review of Businesses

A summary of the performance of Seven West Media's key business units for the half year ending 28 December 2019 is set out below.

Seven

While advertising market conditions have been challenging in the period, Seven has performed strongly in capturing a leading share of the market. Seven was the #1 FTA network by revenue share during the first half of financial year 2020, increasing share to 38.8 per cent from 38.4 per cent in the prior period. However, given predominantly the weaker advertising conditions, Seven's revenue declined 4 per cent in the period.

Seven's leading News and Sport programming continues to outperform, with a revitalised entertainment schedule in 2020 set to bring a number of well established, as well as new and exciting franchises, to primetime viewing.

The transformation of Seven's television business is continuing at pace. At the heart of our strategy for growth is a focus on creating and securing the best local and global content, and capitalising on our position as Australia's largest producer of premium video content.

Strategic priorities in the business unit include, 1) focusing on content led growth by revitalising our entertainment programming, driving greater ratings and revenue share performance; 2) growing digital streaming and video on demand revenue; 3) continuing to grow Seven Studios' earnings by capitalising on the growing demand for quality content; 4) redefining our working practices to become more efficient and effective.

7 News is Australia's most watched news service and further increased its leadership during the year, increasing its viewing share in every market for weeknight news during calendar 2019. Sunrise was not only Australia's most-watched breakfast show for the 14th consecutive year, but also grew its overall audience and commercial share in every market during the year.

Meanwhile, The Morning Show celebrated its 12th birthday in style this year as the most-watched morning show, while growing its share of viewing. The Morning Show has won every year it has been on air.

Seven's coverage of the most watched Winter and Summer sports in AFL and Cricket continues to be robust. AFL audience for the 2019 season increased by 3 per cent and continues to reach over 4 million national viewers each round. Seven's second Summer of Cricket continues to build on its strong maiden coverage, delivering audience growth of 12.5 per cent for Test matches.

In an environment where audiences are becoming increasingly dispersed, the resiliency of News and Sport in commanding the attention of national audiences is unchallenged.

Costs in the Seven business, including digital and Seven Studios, increased 2.3 per cent with cost growth from content investment and Seven Studios cost growth offset by cost savings initiatives across the business, including the impact of the headcount reduction implemented in 2019. Excluding new third party productions, Seven's costs were broadly flat.

Overall EBIT for Seven declined 25.1 per cent to $108.9 million.

Seven Studios

In 2019 Seven Studios created and produced nearly 1,000 hours of premium television across all genres and sold into 190 territories across the globe. Revenue from program sales and third party productions rose 19.6 per cent to $53.2 million compared to the previous corresponding period. The growth in revenue was attributable to the consolidation of 7Beyond into Studios' earnings during the period. Adjusting for the consolidation of 7Beyond which was not included in the prior period, revenue declined 1.1 per cent.

Due to timing factors, higher margin program sales declined in the period with these sales and therefore EBIT, expected to be weighted to the second half of this financial year.

Momentum in the Seven Studios business continues to build as the business capitalises on increasing demand for quality content, particularly from global streaming players. As the large studios reclaim more of their content for their direct to consumer offerings, these streaming providers will need to source increased content from other external parties, such as Seven Studios. During 2019 Seven Studios was commissioned for a number of productions by global video streaming providers, including Amazon's first major Australian commission and Facebook.

Returning formats also continued to perform strongly. 7Beyond's My Lottery Dream Home consistently ranks among the top 10 cable programs in its timeslot among upscale P25-54 year olds and Women 25-54 on HGTV in the US. The Casketeers is also in pre-production for its fourth season.

Digital

Having formally launched our Broadcast Video on Demand (BVOD) streaming platform 7plus at the beginning of 2018, audience adoption has scaled rapidly. In the 2019 calendar year BVOD consumption on 7plus grew 33 per cent. The BVOD market accelerated revenue growth in the July to December period, increasing 42 per cent year on year.

In March, Seven launched 7NEWS.com.au. The site delivered a record monthly Unique Audience of 9.3 million Australians in January and is in the top 4 news sites in the country, beating other long-established news sites.

Seven continues to improve its digital audience targeting capabilities, unifying insights and data analytics across the group, and using third-party partnerships to further accelerate audience insights.

Seven delivered robust digital revenue growth during the period, increasing by 58 per cent in 1HFY20 compared to the prior period. Digital EBIT grew 205 per cent during the period.

Publishing

Seven's portfolio of news brands in WA make it the pre-eminent media company in the state. All together The West Australian, The Sunday Times, Community News Group and PerthNow.com.au reach 92.7 per cent of the population each month (emmaCMV for 12 months to September 2019). According to Roy Morgan survey data for the 12-months to September 2019, The West readership Monday to Friday increased 2% compared to double digit declines for print newspaper peers on average across Australia.

Advertising conditions in Western Australia remain challenging. The West Australian Newspapers revenue declined 1.4 per cent and costs were flat. These results included the first full 6 months contribution of Community News Group, which was acquired in May 2019.

The West Australian launched its online paywall in June 2019 with subscriptions tracking ahead of plan. Following this success, the paywall will be rolled out into regional markets in 2020.

The West continues to evolve its business model in the context of continued challenging economic conditions in Western Australia and structural changes in print media. In the period the business delivered $7 million in net cost savings, however this was offset by the addition of Community News Group costs.

During the period, Seven announced the sale of Pacific Magazines to Bauer Media pending ACCC approval. On 19 December the ACCC raised preliminary competition concerns related to the sale and published a Statement of Issues outlining these concerns.

Seven continues to work collaboratively with the regulator while the Statement of Issues is reviewed with a final decision scheduled for 2 April 2020.

Other Business and New Ventures

Other Business and New Ventures assets include Red Live, as well as our investments in early stage businesses, including Airtasker, SocietyOne, HealthEngine, Startsat60 and Huddle.

The reach and effectiveness of Seven's media assets has driven significant growth for our portfolio of early stage businesses, with portfolio value up 27 per cent to $103 million during the half year. This portfolio includes Australia's #1 Peer to Peer Lender, SocietyOne; #1 GP booking platform, HealthEngine; and #1 Peer to Peer Job Marketplace, Airtasker.

On 31 December 2019 SWM sold the Redwave Radio assets in Western Australia to Southern Cross Austero for a price of $28 million.

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 28 December 2019 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.

KPMG

KPMG

D McLennan

Duncan McLennan

Partner

Sydney

18 February 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 28 December 2019

	Notes	Dec 2019 $'000	Restated* Dec 2018 $'000
Revenue	3	**771,718**	797,441
Other income	3	**706**	602
Revenue and other income		**772,424**	798,043
Expenses	4	**(653,601)**	(647,738)
Impairment of intangible assets	5	**(61,565)**	-
Impairment of right of use assets	5	**(3,726)**	-
Impairment of other assets	5	**(41,123)**	-
Onerous contracts	5	**(51,810)**	-
Costs related to investments	5	**(7,351)**	-
Share of net profit of equity accounted investees	8	**903**	847
(Loss) profit before net finance costs and tax		**(45,849)**	151,152
Finance income		**593**	808
Finance costs		**(22,128)**	(26,546)
Write off of unamortised refinancing cost	5	**-**	(8,587)
(Loss) profit before tax		**(67,384)**	116,827
Tax benefit (expense)	6	**359**	(33,423)
(Loss) profit for the half year		**(67,025)**	83,404
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		**804**	(206)
Exchange differences on translation of foreign operations		**15**	125
Tax relating to items that may be reclassified subsequently to profit or loss		**(241)**	62
Items that will not be reclassified to profit or loss:			
Net change in fair value of financial assets at fair value through other comprehensive income		**(279)**	-
Other comprehensive income (expense) for the half year, net of tax		**299**	(19)
Total comprehensive (expense) income for the half year attributable to owners of the Company		**(66,726)**	83,385
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(66,047)**	83,760
Non-controlling interests		**(679)**	(375)
Total comprehensive (expense) income for the year		**(66,726)**	83,385
Earnings per share for (loss) profit attributable to the ordinary equity holders of the Company			
Basic earnings per share	7	**(4.4 cents)**	5.6 cents
Diluted earnings per share	7	**(4.4 cents)**	5.6 cents

**The Group has adopted AASB 16. Refer Note 20.1 for more detail.*

Consolidated Statement of Financial Position

As at 28 December 2019

	Notes	Dec 2019 $'000	Restated* Jun 2019 $'000	Restated* Dec 2018 $'000
ASSETS				
Current assets				
Cash and cash equivalents		**114,542**	90,455	99,566
Trade and other receivables		**230,604**	262,798	250,880
Program rights and inventories		**192,242**	193,269	216,334
Contract assets		**5,833**	3,566	1,179
Asset held for sale	17	**17,316**	-	36,102
Other assets		**24,827**	12,454	21,617
Total current assets		**585,364**	562,542	625,678
Non-current assets				
Program rights		**499**	15,857	1,998
Equity accounted investees	8	**11,493**	12,850	3,812
Other financial assets	9	**83,393**	60,552	60,553
Property, plant and equipment		**123,715**	126,554	144,532
Intangible assets	10	**487,428**	565,478	1,030,350
Right of use assets	19	**110,527**	117,051	120,170
Deferred tax assets		**34,517**	13,667	-
Other assets		**5,416**	7,178	9,273
Total non-current assets		**856,988**	919,187	1,370,688
Total assets		**1,442,352**	1,481,729	1,996,366
LIABILITIES				
Current liabilities				
Trade and other payables		**229,632**	270,534	224,585
Lease liabilities	19	**8,479**	7,744	7,039
Provisions		**149,498**	105,425	85,444
Deferred income		**11,516**	7,192	10,197
Contract liabilities		**24,907**	21,368	15,910
Borrowings	13	**956**	1,045	-
Current tax liabilities		**9,766**	1,575	11,351
Total current liabilities		**434,754**	414,883	354,526
Non-current liabilities				
Trade and other payables		**11,791**	10,011	21,463
Lease liabilities	19	**166,662**	167,414	168,435
Provisions		**115,699**	147,681	130,401
Contract liabilities		**9,542**	12,792	10,500
Deferred tax liabilities		**-**	-	15,704
Borrowings	13	**683,053**	653,839	688,592
Total non-current liabilities		**986,747**	991,737	1,035,095
Total liabilities		**1,421,501**	1,406,620	1,389,621
Net assets		**20,851**	75,109	606,745
EQUITY				
Share capital	11	**3,405,666**	3,393,546	3,393,546
Reserves		**15,095**	14,640	16,702
Non-controlling interests		**(89)**	398	(2,634)
Accumulated deficit		**(3,399,821)**	(3,333,475)	(2,800,869)
Total equity		**20,851**	75,109	606,745

**The Group has adopted AASB 16. Refer Note 20.1 for more detail.*

Consolidated Statement of Changes in Equity

For the half year ended 28 December 2019

	Notes	Share capital $'000	Cash flow hedge reserve $'000	Equity compensation reserve $'000	Reserve for own shares $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated deficit $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 30 June 2018		**3,393,546**	**(1,080)**	**2,544**	**(597)**	**(322)**	**16,079**	**(2,860,965)**	**549,205**	**(1,071)**	**548,134**
Effect of adoption of new AASB 16 accounting standard*		-	-	-	-	-	-	(23,683)	(23,683)	-	(23,683)
Balance at 30 June 2018 (restated)		**3,393,546**	**(1,080)**	**2,544**	**(597)**	**(322)**	**16,079**	**(2,884,648)**	**525,522**	**(1,071)**	**524,451**
Profit (loss) for the half year		-	-	-	-	-	-	83,779	83,779	(375)	83,404
Cash flow hedge gains (losses) taken to equity		-	(206)	-	-	-	-	-	(206)	-	(206)
Foreign currency translation differences		-	-	-	-	125	-	-	125	-	125
Tax relating to items that may be reclassified subsequently to P&L		-	62	-	-	-	-	-	62	-	62
Other comprehensive income (expense) for the half year, net of tax		-	(144)	-	-	125	-	-	(19)	-	(19)
Total comprehensive income (expense) for the half year		**-**	**(144)**	**-**	**-**	**125**	**-**	**83,779**	**83,760**	**(375)**	**83,385**
Transactions with owners in their capacity as owners											
Share based payment expense		-	-	97	-	-	-	-	97	-	97
Disposal of NCI		-	-	-	-	-	-	-	-	(1,188)	(1,188)
Total transactions with owners		**-**	**-**	**97**	**-**	**-**	**-**	**-**	**97**	**(1,188)**	**(1,091)**
Balance at 29 December 2018		**3,393,546**	**(1,224)**	**2,641**	**(597)**	**(197)**	**16,079**	**(2,800,869)**	**609,379**	**(2,634)**	**606,745**
Balance at 29 June 2019		**3,393,546**	**(3,555)**	**2,877**	**(597)**	**(164)**	**16,079**	**(3,305,446)**	**102,740**	**398**	**103,138**
Effect of adoption of new AASB 16 accounting standard*		-	-	-	-	-	-	(28,029)	(28,029)	-	(28,029)
Balance at 30 June 2019 (restated)		**3,393,546**	**(3,555)**	**2,877**	**(597)**	**(164)**	**16,079**	**(3,333,475)**	**74,711**	**398**	**75,109**
Profit (loss) for the half year		-	-	-	-	-	-	(66,346)	(66,346)	(679)	(67,025)
Cash flow hedge gains (losses) taken to equity		-	804	-	-	-	-	-	804	-	804
Foreign currency translation differences		-	-	-	-	15	-	-	15	-	15
Tax relating to items that may be reclassified subsequently to P&L		-	(241)	-	-	-	-	-	(241)	-	(241)
Net change in fair value of financial assets at fair value through other comprehensive income	9	-	-	-	-	-	(279)	-	(279)	-	(279)
Other comprehensive income (expense) for the half year, net of tax		-	563	-	-	15	(279)	-	299	-	299
Total comprehensive income (expense) for the half year		**-**	**563**	**-**	**-**	**15**	**(279)**	**(66,346)**	**(66,047)**	**(679)**	**(66,726)**
Transactions with owners in their capacity as owners											
Issue of ordinary shares		12,120	-	-	-	-	-	-	12,120	-	12,120
Share based payment expense		-	-	156	-	-	-	-	156	-	156
Disposal of NCI		-	-	-	-	-	-	-	-	192	192
Total transactions with owners		**12,120**	**-**	**156**	**-**	**-**	**-**	**-**	**12,276**	**192**	**12,468**
Balance at 28 December 2019		**3,405,666**	**(2,992)**	**3,033**	**(597)**	**(149)**	**15,800**	**(3,399,821)**	**20,940**	**(89)**	**20,851**

**The Group has adopted AASB 16. Refer Note 20.1 for more detail.*

Consolidated Statement of Cash Flows

For the half year ended 28 December 2019

	Notes	**Dec 2019 $'000**	Restated* Dec 2018 $'000
Cash flows related to operating activities			
Receipts from customers		**888,644**	905,648
Payments to suppliers and employees		**(845,726)**	(809,958)
Dividends received from equity accounted investees	8	**2,800**	480
Interest and other items of similar nature received		**464**	779
Interest and other costs of finance paid		**(13,181)**	(15,617)
Interest paid on lease liability		**(7,236)**	(7,224)
Income taxes paid, net of tax refunds		**(12,049)**	(4,287)
Net operating cash flows		**13,716**	69,821
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment		**(10,968)**	(11,365)
Proceeds from sale of property, plant and equipment		**5,163**	507
Payments for intangibles		**(4,602)**	(4,603)
Payments for other investments		**(2,000)**	(1,024)
Payments for equity accounted investees		**(540)**	-
Loans issued to equity accounted investees		**(2,384)**	(1,778)
Net investing cash flows		**(15,331)**	(18,263)
Cash flows related to financing activities			
Proceeds from borrowings		**91,000**	76,000
Repayment of borrowings		**(62,000)**	(167,407)
Payment of lease liabilities		**(3,298)**	(2,748)
Net financing cash inflows (outflows)		**25,702**	(94,155)
Net increase (decrease) in cash and cash equivalents		**24,087**	(42,597)
Cash and cash equivalents at the beginning of the half year		**90,455**	142,163
Cash and cash equivalents at the end of the half year		**114,542**	99,566

**The Group has adopted AASB 16. Refer Note 20.1 for more detail.*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 29 June 2019 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.

1.1 Basis of preparation

This half year financial report is for the reporting period ended 28 December 2019 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.

New accounting policies adopted for the year are disclosed in Note 20.

This half year financial report has been prepared on the basis of historical cost except for assets described in Note 14.

1.2 Key cash flow considerations

ACCELERATED TRANSFORMATION

For the half year ended 28 December 2019, the Group recorded profit before significant items, net finance costs and tax (EBIT) of $119.7 million. The statutory net loss after tax was $67.0m (including significant items).

SMI data reported the Australian advertising market down 8.5% in the 6 months to 31 December 2019 compared to the previous period. ThinkTV reported the metropolitan FTA market decreased by 7.0% for this period. This market decline drove virtually all of Seven West Media's revenue decline in the half.

Notwithstanding tough advertising market conditions, Seven increased its revenue share to 38.8% from 38.4% in the half. Seven was the #1 FTA network by revenue share during the period. A revised content strategy, outlined in the August 2019 results and 2019 AGM, has been implemented to enhance Seven's audience proposition. The Group expects it will take some time for the impact of the new strategy to positively impact earnings and cash flow.

Growth in the BVOD market in the period was 42%, well ahead of management projections albeit off a low base. The Group continues to look at opportunities to invest in its digital offerings to drive revenue and earnings growth.

In the ordinary course of business the Group prepares longer term and detailed projections for the next 12 months. Softer than expected market conditions in 2019 and into January 2020 have resulted in such projections for the remainder of FY20 being revised downwards. In response to these softer market conditions and to fund the new content strategy, the Group implemented a $45 million cost out programme, most of which will be realised during the second half of FY20 and into FY21. Transformation remains a core pillar of the Group's strategy and further cost savings are being pursued.

The Group uses best estimate assumptions in the development of projections which include benchmarking against independently sourced information for key assumptions such as the metropolitan free-to-air advertising market.

The Directors note, however, that some of the key assumptions underpinning projections are uncertain due to factors which are outside of the control of the Group. The Directors recognise that these market conditions require action to be accelerated to advance the Group's content strategy, its transformation and its balance sheet. To counter these uncertainties the Directors have approved several actions to accelerate the Group's transformation and debt reduction agenda to ensure adequate headroom with respect to the Group's financial covenants. The Group is reviewing a range of initiatives and asset sales that include:

- the sale of Redwave completed on 31 December 2019 (post half year end, $28 million net proceeds);
- the sale of the Pacific operating segment to Bauer for $40 million: the Group is assisting the ACCC with its ongoing enquiries with respect to this transaction and remains confident it will complete the sale during the second half; and
- further operational cost and cash savings have been identified for execution in the second half which are expected to deliver an additional net $20 million cash benefit in FY21 over and above the $45 million in savings already implemented.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3 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.

1.3.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.

1.3.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.

1.3.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.

1.3.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.

1.3.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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3.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.

1.3.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.

1.3.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 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.

1.4 Comparatives

Comparative information is reclassified where appropriate to enhance comparability.

1.5 Leases

The Group has adopted AASB 16 Leases effective for the period ending 28 December 2019. AASB 16 has been applied fully retrospectively and comparatives for the prior periods have been restated. The impact of the adoption of AASB 16 Leases is disclosed in Note 20.1.

2. SEGMENT INFORMATION

2.1A. 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 TX Australia, Oztam, Starts at 60, Radio (radio stations broadcasting in regional areas of Western Australia) until reclassified to asset held for sale (in FY20) 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.

2.1B. Segment information

Half year ended 28 December 2019	REF	Television $'000	The West $'000	Pacific $'000	Other Business and New Ventures $'000	Corporate [A] $'000	Total $'000
Advertising revenue		491,689	52,481	14,791	5,169	-	564,130
Circulation revenue		-	27,698	40,810	-	-	68,508
Program sales		53,196	-	-	-	-	53,196
Affiliate fees		52,911	-	-	-	-	52,911
Rendering of services		-	9,114	-	58	-	9,172
Other revenue		4,996	4,790	1,650	12,365	-	23,801
Revenue from continuing operations		602,792	94,083	57,251	17,592	-	771,718
Other income		517	179	10	-	-	706
Share of net profit of equity accounted investees		-	-	-	903	-	903
Revenue, other income and share of net profit of equity accounted investees		**603,309**	**94,262**	**57,261**	**18,495**	**-**	**773,327**
Expenses		(480,055)	(81,258)	(53,816)	(14,156)	(7,465)	(636,750)
Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation		**123,254**	**13,004**	**3,445**	**4,339**	**(7,465)**	**136,577**
Depreciation and amortisation	[B]	(14,389)	(1,223)	(956)	(262)	(21)	(16,851)
Profit (loss) before significant items, net finance costs and tax		**108,865**	**11,781**	**2,489**	**4,077**	**(7,486)**	**119,726**

Half year ended 29 December 2018 (restated)*	REF	Television $'000	The West $'000	Pacific $'000	Other Business and New Ventures $'000	Corporate [A] $'000	Total $'000
Advertising revenue		515,893	52,801	18,941	7,523	-	595,158
Circulation revenue		-	28,703	45,023	-	-	73,726
Program sales		45,108	-	-	-	-	45,108
Affiliate fees		55,883	-	-	-	-	55,883
Rendering of services		-	11,480	-	59	-	11,539
Other revenue		10,491	2,563	2,083	890	-	16,027
Revenue from continuing operations		627,375	95,547	66,047	8,472	-	797,441
Other income		574	13	13	2	-	602
Share of net profit of equity accounted investees		608	-	-	239	-	847
Revenue, other income and share of net profit of equity accounted investees		**628,557**	**95,560**	**66,060**	**8,713**	**-**	**798,890**
Expenses		(469,828)	(81,133)	(60,553)	(8,837)	(7,532)	(627,883)
Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation		**158,729**	**14,427**	**5,507**	**(124)**	**(7,532)**	**171,007**
Depreciation and amortisation	[B]	(13,393)	(5,463)	(797)	(193)	(9)	(19,855)
Profit (loss) before significant items, net finance costs and tax		**145,336**	**8,964**	**4,710**	**(317)**	**(7,541)**	**151,152**

[A] Corporate is not an operating segment. The amounts presented above are unallocated costs.
[B] Excludes program rights amortisation which is treated consistently with Media Content (refer Note 4).

**The Group has adopted AASB 16. Refer Note 20.1 for more detail.*

2. SEGMENT INFORMATION (continued)

2.1C. Other segment information

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

	Notes	Dec 2019 $'000	Restated* Dec 2018 $'000
Reconciliation of profit (loss) before significant items, net finance costs and tax			
Profit (loss) before significant items, net finance costs and tax		**119,726**	151,152
Finance income		**593**	808
Finance costs		**(22,128)**	(26,546)
Profit (loss) before tax excluding significant items		**98,191**	125,414
Significant items before tax	5	**(165,575)**	(8,587)
Profit (loss) before tax		**(67,384)**	116,827

**The Group has adopted AASB 16. Refer Note 20.1 for more detail.*

3. REVENUE AND OTHER INCOME

Accounting policy

Revenue recognition and measurement

The Group derives revenue from the transfer of goods and services. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

Customer contracts can have a wide variety of performance obligations, from production contracts to format licences and distribution activities. For these contracts, each performance obligation is identified and evaluated. Under AASB 15 the Group needs to evaluate if a distribution right is a right to access the content (revenue recognised over time) or represents a right to use the content (revenue recognised at a point in time). The Group has determined that most distribution revenues are satisfied at a point in time due to there being limited ongoing involvement in the use of the rights following its transfer to the customer.

The transaction price, being the amount to which the Group expects to be entitled and has rights to under the contract is allocated to the identified performance obligations. The transaction price will also include an estimate of any variable consideration where the Group's performance may result in additional revenues based on the achievement of agreed targets such as audience targets. Variable consideration is not recognised until the performance obligations are met.

Revenue is stated exclusive of GST and equivalent sales taxes.

3. REVENUE AND OTHER INCOME (continued)

Accounting policy

Revenue recognition criteria for the Group's key classes of revenue are as follows:

	Class of revenue	Recognition criteria	Timing of recognition
[A]	Advertising	- Television Advertising is generated from selling spot airtime and is recognised at the point of transmission. - The West and Pacific Advertising is generated from selling space in the newspaper or magazine and is recognised at the point of publication.	At the point in time when the advertisement is broadcast or published.
[B]	Circulation	Circulation revenue is generated through the distribution and sale of newspapers and magazines to third party consumers. Recognised on delivery of the newspaper or magazine to the customer and the right to be compensated has been obtained.	At the time the newspapers and magazines are distributed.
[C]	Program sales includes:		
	(i) Programme production	Revenue generated from the programmes produced for broadcasters in Australia and internationally and is recognised at the point of delivery of an episode and acceptance by the customer.	At the point in time when obligations have been accepted by the customers.
	(ii) Distribution royalty	A licence is granted for the transmission of a programme in a stated territory, media and period and revenue is recognised at the point when the contract is signed, the content is available for download and the licence period has started.	Recognised on delivery of rights to the customer.
[D]	Affiliate fees	Affiliate fees earned through the transmission of network channels in a stated territory. Recognised in the period of the broadcast feed to the affiliates in line with the contract terms and conditions.	Recognised over time as conditions are met over the contract life.
[E]	Rendering of services	The revenue is recognised when the service has been performed. These services mainly relate to printing and are generally delivered over a period of time.	At the point in time the services are delivered.
[F]	Other revenue includes:		
	Government grants	Recognised initially as deferred income when it is highly probable that the grant will be received. This may include the following:	
	(i) cash grants or funding	Recognised when all attaching conditions will be complied with.	Recognised at the point in time the conditions have been complied with.
	(ii) reimbursement of expense	Recognised over the periods necessary to match the costs that it is intended to compensate.	Recognised over the period.
	(iii) reimbursement for cost of asset	Recognised over the lifetime of the asset on a systematic basis.	Recognised over the period.
	Rental income	Rental income is derived through the leasing of assets and the benefits are to be transferred over time.	Revenue is recognised over the life of the lease.
	Dividends	Dividend revenue is recognised when the right to receive payment is established.	At the point in time the dividend is declared.

	Dec 2019 $'000	Dec 2018 $'000
Sales revenue		
Advertising revenue	**564,130**	595,158
Circulation revenue	**68,508**	73,726
Program sales	**53,196**	45,108
Affiliate fees	**52,911**	55,883
Rendering of services	**9,172**	11,539
Other revenue	**23,801**	16,027
Total revenue	**771,718**	797,441
Other income		
Net (loss) gain on disposal of property, plant and equipment and other intangibles	**(77)**	175
Sundry income	**783**	427
Total other income	**706**	602

4. EXPENSES

	Notes	Dec 2019 $'000	Restated* Dec 2018 $'000
Expenses			
Depreciation and amortisation (excluding program rights amortisation)		**(16,851)**	(19,855)
Advertising & marketing expenses		**(20,086)**	(19,348)
Printing, selling & distribution (including newsprint and paper)		**(34,563)**	(38,660)
Media content (including program rights amortisation)		**(307,232)**	(293,765)
Employee benefits expense (excluding significant items)		**(182,504)**	(190,413)
Raw materials and consumables used (excluding newsprint and paper)		**(3,630)**	(3,659)
Repairs and maintenance		**(10,489)**	(8,922)
Licence fees		**(15,607)**	(16,634)
Rental expense relating to operating leases		**(1,949)**	(1,030)
Other expenses from ordinary activities		**(60,690)**	(55,452)
Total expenses		**(653,601)**	(647,738)
Depreciation and amortisation			
Property, plant and equipment and intangible assets		**(11,306)**	(14,721)
Right of use assets	19	**(5,545)**	(5,134)
Television program rights amortisation		**(47,660)**	(54,935)
Total depreciation and amortisation		**(64,511)**	(74,790)

**The Group has adopted AASB 16. Refer Note 20.1 for more detail.*

5. SIGNIFICANT ITEMS

	REF	Dec 2019 $'000	Dec 2018 $'000
Profit before tax expense includes the following specific expenses for which disclosure is relevant in explaining the financial performance of the Group:			
Impairment of intangible assets	[A]	**(61,565)**	-
Impairment of right of use assets		**(3,726)**	-
Impairment of other assets	[B]	**(41,123)**	-
Onerous contracts	[C]	**(51,810)**	-
Costs related to investments		**(7,351)**	-
Write off of unamortised refinancing cost	[D]	**-**	(8,587)
Total significant items before tax		**(165,575)**	(8,587)
Tax benefit		**29,285**	2,576
Total significant items net of tax		**(136,290)**	(6,011)

[A] The impairment was recognised as a result of changes to key assumptions in the Group's cash flow forecasts. Refer Note 10.1 for details.
[B] The amount relates to impairment of program rights and other Television assets.
[C] Onerous contract costs relate to Cricket programming.
[D] The amount relates to capitalised refinancing costs written off following the November 2018 debt refinance. This includes previously unamortised refinancing costs of $2.8m and benefit capitalised as a result of transition to AASB 9 of $5.8m.

6. TAX EXPENSE

	Dec 2019 $'000	Restated* Dec 2018 $'000
Reconciliation of tax expense to pre-tax statutory (loss) profit before tax	**(67,384)**	116,827
Tax at the Australian tax rate of 30% (2018: 30%)	**20,215**	(35,048)
Tax effect of amounts which are not (deductible) taxable in calculating taxable income:		
Share of net profit of equity-accounted investees	**90**	236
Deferred tax assets not recognised in relation to impairment of assets	**(19,747)**	-
Non-assessable income	**2,454**	1,919
Other non-deductible items	**(2,385)**	7
Adjustments for tax of prior periods	**(268)**	(537)
Tax benefit (expense)	**359**	(33,423)

**The Group has adopted AASB 16. Refer Note 20.1 for more detail.*

7. EARNINGS PER SHARE

Accounting policy

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Retrospective adjustments

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

		Restated*
	Dec 2019	Dec 2018
Basic earnings per share		
(Loss) profit attributable to the ordinary equity holders of the Company	**(4.4 cents)**	5.6 cents
Diluted earnings per share		
(Loss) profit attributable to the ordinary equity holders of the Company	**(4.4 cents)**	5.6 cents

	$'000	$'000
Earnings used in calculating earnings per share		
(Loss) profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**(66,346)**	83,779

	Number	Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares outstanding during the half year used in the calculation of basic and diluted earnings per share	**1,509,498,121**	1,507,840,662

**The Group has adopted AASB 16. Refer Note 20.1 for more detail.*

8. EQUITY ACCOUNTED INVESTEES

Accounting policy

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

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

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

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

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

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

Impairment
Equity accounted investees are tested for impairment annually or when indicators of impairments exist.

				Ownership interest	
				Dec 2019	Jun 2019
Name of entity	REF	Principal activities	Reporting date	**%**	%
Crowdspark Limited (formerly Newzulu Limited)		Online news provider	30 June	**21.9**	21.9
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
NPC Media Pty Limited		Playout and content managements services	30 June	**50.0**	50.0
Oscar Winter Pty Limited	[A]	Online retail jewellery business	30 June	**-**	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	**50.0**	50.0

[A] Oscar Winter Pty Limited has been deregistered on 18 December 2019.

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

		Dec 2019	Dec 2018
	REF	**$'000**	$'000
Net loss for the year (continuing operations)		**(5,490)**	(3,442)
Group's share of profit (loss) for the half year	[B]	**903**	847

[B] Share of profit (loss) is based on ownership percentages ranging from 16.3% to 50.0% for each equity accounted investee.

	Dec 2019	Jun 2019
	$'000	$'000
Movements in carrying amounts of equity accounted investments		
Carrying amount at the beginning of the period	**12,850**	3,445
Impairment of equity accounted investees	**-**	(2,252)
Share of profit of investees after tax	**903**	1,141
Dividends received	**(2,800)**	(880)
Acquisitions and other movements	**540**	11,396
Carrying amount at the end of the period	**11,493**	12,850

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.

9. OTHER FINANCIAL ASSETS

Accounting policy

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVTOCI) and amortised cost financial assets. The classification depends on the Group's business model for managing the financial asset as well as its contractual cash flow characteristics.

Management has determined the financial assets relating to other investments to be classified at FVTOCI. Gains or losses arising from changes in the value of the financial asset are taken to the fair value reserve. Accordingly, any gains or losses realised on the sale of these assets remain in the fair value reserve rather than being transferred to the profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

	Dec 2019	Jun 2019
	$'000	$'000
Movements in carrying amounts of other financial assets		
Carrying amount at the beginning of the period	**60,552**	28,384
Effect of adoption of new AASB 9 accounting standard (1 July 2018)	**-**	22,971
Net change in fair value of financial assets at fair value through other comprehensive income	**(279)**	-
Acquisitions	**23,120**	9,197
Carrying amount at the end of the period	**83,393**	60,552

Other financial assets represent equity investments in listed and unlisted entities. Refer to Note 14 for details of the fair value measurement for these assets under the accounting standard AASB 13 Fair Value Measurement.

10. INTANGIBLE ASSETS

Accounting policy

Goodwill

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

Intangible Assets

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

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

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

	Useful life	**Amortisation method used**	**Internally generated or acquired**
Goodwill	Indefinite	No amortisation	Acquired
Television licences	Indefinite	No amortisation	Acquired
The West mastheads	Indefinite	No amortisation	Acquired
Radio licences	Indefinite	No amortisation	Acquired
Pacific mastheads	Indefinite	No amortisation	Acquired
Trademark	Finite (10-15 years)	Amortised on a straight line basis over its useful life	Acquired
Pacific licences	Finite (8 - 25 years)	Amortised on a straight line basis over the period of the licence	Acquired
Computer software	Finite (3 - 15 years)	Amortised on a straight line basis over its useful life	Internally generated and acquired

10. INTANGIBLE ASSETS (continued)

		Licences $'000	Mastheads $'000	Computer software $'000	Goodwill $'000	Trademark $'000	Total $'000
Half year ended 28 December 2019							
Net carrying amount at the beginning of the half year		540,660	-	23,810	926	82	565,478
Additions		-	-	4,599	-	-	4,599
Amortisation charge		-	-	(3,686)	-	-	(3,686)
Acquisition (disposal) of controlled entity	[A]	-	-	-	-	(82)	(82)
Reclassification to assets held for sale	[B]	(17,316)	-	-	-	-	(17,316)
Impairment	[C]	(61,565)	-	-	-	-	(61,565)
Net carrying amount at the end of the half year		461,779	-	24,723	926	-	487,428
Comprised of:							
Cost		1,490,692	264,887	116,904	1,237,009	-	3,109,492
Accumulated amortisation and impairment		(1,028,913)	(264,887)	(92,181)	(1,236,083)	-	(2,622,064)
Year ended 29 June 2019							
Net carrying amount at the beginning of the year		955,660	37,913	34,317	4,494	1,578	1,033,962
Additions		-	-	13,593	-	13	13,606
Disposals		-	-	(93)	-	-	(93)
Amortisation charge		-	-	(10,891)	-	(9)	(10,900)
Acquisition (disposal) of controlled entity	[D]	-	-	(319)	8,694	(1,500)	6,875
Impairment	[C]	(415,000)	(37,913)	(12,797)	(12,262)	-	(477,972)
Net carrying amount at the end of the year		540,660	-	23,810	926	82	565,478
Comprised of:							
Cost		1,508,008	264,887	55,735	1,237,009	122	3,065,761
Accumulated amortisation and impairment		(967,348)	(264,887)	(31,925)	(1,236,083)	(40)	(2,500,283)

[A] Trademark disposed relates to the disposal of Media Beach Pte. Limited on 13 November 2019.

[B] Western Australian Regional Radio Licences have been reclassified to assets held for sale.

[C] 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. Refer to 10.1A for further details.

The impairments were recognised as a result of the following changes to key assumptions in the Group's cash flow forecasts:

Television

- Short term market conditions for traditional Free to Air television metro advertising market

The West

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

[D] The Group acquired Goodwill relating to 7Beyond Media Limited and Community Newspaper Group Limited. Trademark disposed relates to the disposal of The Mentor Platform Pty Limited on 31 July 2018.

10. INTANGIBLE ASSETS (continued)

10.1 Impairment of non-financial assets

Accounting policy

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

In calculating the recoverable value, the cash flows include projections of cash inflows and outflows from continuing use of the CGU's assets. For value in use model, the cash flows are estimated for the assets of the CGU in their current condition and discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the risks specific to the CGU. For fair value less cost to sell model, the recoverable amount is calculated by using discounted cash flow projections based on financial budgets and forecasts covering a five-year period with a terminal growth rate applied thereafter.

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.

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.

10.1A. 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.

Allocation of CGU Groups	Goodwill $’000	Licences, masthead $’000	Total $’000
Half year ended 28 December 2019			
Television	-	461,779	461,779
The West (Metro and Regional)	-	-	-
Pacific	-	-	-
Other Business and New Ventures	926	-	926
Total goodwill and indefinite life assets	926	461,779	462,705
Year ended 29 June 2019			
Television	-	523,344	523,344
The West (Metro and Regional)	-	-	-
Pacific	-	-	-
Other Business and New Ventures	926	17,316	18,242
Total goodwill and indefinite life assets	926	540,660	541,586

10. INTANGIBLE ASSETS (continued)

10.1B. 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 28 December 2019. The Group has determined the CGUs to be Television, The West (Metro and Regional) and Pacific businesses.

Valuation Methods

Television

The recoverable amount was determined using a value-in-use model by discounting the future cash flows expected to be generated from the continuing use of these CGUs.

The West and Pacific

In prior periods, The West and Pacific mastheads, licences and goodwill have been fully written down. In allocating the impairment to individual non-current assets within the CGUs, their recoverable amount was not reduced below their fair value less cost of disposal; notably for property related assets. 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 for the next 6 months. Future 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 takes into account historical share performance and management's expectation of share in forward periods, taking into consideration the impact of programming across the schedule.
- Expenses are assumed to increase by CPI and known fixed increases for specific program rights.

(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 flow projections are detailed below.

	Terminal growth factor		Discount rate (pre-tax)		Discount rate (post-tax)	
	Dec-19	Jun-19	Dec-19	Jun-19	Dec-19	Jun-19
Television	0.5%	0.5%	16.1%	15.9%	9.5%	9.5%

10.1C. 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 the impairment analysis performed on the Television CGU, the recoverable amounts are equal to the carrying amounts. Therefore, any adverse movements in key assumptions would lead to changes in the carrying amount.

11. SHARE CAPITAL

Accounting policy

Ordinary shares are classified as equity.

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

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

	REF	**Dec 2019 $'000**	Jun 2019 $'000
1,538,034,368 (June 2019: 1,508,034,368) Ordinary shares fully paid	[A]	**3,405,666**	3,393,546

[A] The Group issued 30 million ordinary shares at an issue price of $0.404 per share on 19 December 2019.

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.

12. DIVIDENDS

Accounting policy

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

	Dec 2019 $'000	Dec 2018 $'000
No final dividend was declared for the 2019 financial year.	**-**	-
No interim dividend was declared in the current or prior year.	**-**	-

13. BORROWINGS

Accounting policy

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

	REF	**Dec 2019 $'000**	Jun 2019 $'000
CURRENT			
Third party loan		**956**	1,045
NON-CURRENT			
Bank loans – unsecured, net of unamortised refinancing costs	[A]	**683,053**	653,839

[A] The unsecured bank loans are net of unamortised refinancing costs totalling $946,000 (June 2019: $1,160,000).

14. 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).

The following table shows the valuation techniques and measurement level inputs used to assess the fair value of financial assets and financial liabilities at 28 December 2019.

<table>
<tr><th>Type</th><th>Valuation Technique</th><th>Measurement Level</th><th>Amount</th></tr>
<tr><td>Other Financial Assets - Listed Entities</td><td>The fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.</td><td>Level 1</td><td>$9,281,000</td></tr>
<tr><td>Interest Rate Swaps and Collars</td><td>The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bonds prices.</td><td>Level 2</td><td rowspan="2">The interest rate cash flow hedges and foreign exchange cash flow hedges in aggregate amount to $6,403,000
(June 2019: $8,082,000).</td></tr>
<tr><td>Forward Exchange Contracts</td><td>The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.</td><td>Level 2</td></tr>
<tr><td>Other Financial Assets - Unlisted Entities</td><td>The fair value is based on the equity price established in the most recent round of equity financing and consideration of any other key changes in the investment which requires a level of judgement.</td><td>Level 3</td><td>$74,112,000</td></tr>
<tr><td>Intangible Assets</td><td colspan="3">Refer to Note 10.1B for detail.</td></tr>
<tr><td>Asset Held For Sale</td><td colspan="3">Refer to Note 17 for detail.</td></tr>
</table>

15. 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.

16. SUBSEQUENT EVENTS

On 31 December 2019, the Group completed the sale of their Western Australian Regional Radio business (Redwave Media). Proceeds from disposal of $28 million were received on completion, and a pre-tax gain on sale of approximately $7.0m will be recognised in the second half of FY20.

17. ASSET HELD FOR SALE

Accounting policy

Accounting for asset held for sale

Non-current assets and disposal groups (assets and liabilities relating to an activity that is to be sold) are classified as 'held for sale' if their carrying amount is to be recovered principally through a sales transaction rather than through continuing use. The reclassification takes place when the assets are available for immediate sale and the sale is highly probable. These conditions are usually met as from the date on which a letter of intent or agreement to sell is ready for signing. Non-current assets held for sale and disposal groups are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

The Group transferred $17.3 million of Western Australian Regional Radio non-current assets to assets held for sale during the period. These assets were sold on 31 December 2019, further disclosure is provided in Note 16.

As disclosed to the ASX on 21 October 2019, the Group announced it has signed a binding agreement to sell Pacific Magazines for cash consideration of $40 million. On 19 December 2019, the ACCC raised preliminary competition concerns with regards to this sale (refer to ASX media release dated 19 December 2019). As at 28 December 2019, the sale has not completed and is subject to ACCC clearance. The Group has not recognised any adjustment to Pacific Magazines non-current assets, or discontinued operations as a result of ongoing ACCC discussions.

18. SIGNIFICANT NON-CASH TRANSACTIONS

The Group engaged in the following significant non-cash investing and financing activities during the year:

	REF	**Dec 2019 $'000**	Dec 2018 $'000
Non-cash investing (outflow) inflow			
Acquisition of other financial assets		**(21,120)**	(8,175)
Total non-cash investing (outflow) inflow		**(21,120)**	(8,175)
Non-cash financing (outflow) inflow			
Issue of ordinary shares as consideration for acquisition of other financial assets	[A]	**12,120**	-
Total non-cash financing (outflow) inflow		**12,120**	-

[A] The Group issued $12.1 million of shares in exchange for the acquisition of $12.1 million of shares in Prime Media Group Limited on 19 December 2019.

19. LEASES

The Group leases many assets including offices, equipment, transmission towers and satellites.
The associated right of use assets for these leases were measured on a retrospective basis as if AASB 16 had always been applied.
The recognised right of use assets relate to the following types of assets:

Right of use assets

	Building $'000	Plant & Equipment $'000	Comm-unications $'000	Total $'000
Half year ended 28 December 2019				
Net carrying amount at the beginning of the half year	107,590	658	8,803	117,051
Additions	2,145	70	508	2,723
Depreciation charge	(4,271)	(116)	(1,158)	(5,545)
Impairment	(3,726)	-	-	(3,726)
Effects of movement in exchange rates	24	-	-	24
Net carrying amount at the end of the half year	101,762	612	8,153	110,527
Year ended 29 June 2019 (restated)				
Net carrying amount at the beginning of the year	113,079	229	10,879	124,187
Additions	2,701	580	135	3,416
Depreciation charge	(8,190)	(151)	(2,211)	(10,552)
Net carrying amount at the end of the year	107,590	658	8,803	117,051
Half year ended 29 December 2018 (restated)				
Net carrying amount at the beginning of the half year	113,079	229	10,879	124,187
Additions	679	438	-	1,117
Depreciation charge	(3,982)	(54)	(1,098)	(5,134)
Net carrying amount at the end of the half year	109,776	613	9,781	120,170

Lease liabilities

The following tables show the discounted lease liabilities included in the Group statement of financial position and a maturity analysis of the contractual undiscounted lease payments:

Lease liabilities	**Dec 2019** $'000	**Restated Jun 2019** $'000	**Restated Dec 2018** $'000
Current	8,479	7,744	7,039
Non-current	166,662	167,414	168,435
Total lease liabilities	175,141	175,158	175,474

Maturity analysis - contractual undiscounted lease payments	**Dec 2019** $'000
Less than one year	22,086
One to five years	85,772
More than five years	244,587
Total undiscounted lease payments	352,445

20. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations issued but not yet effective

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Tentative agenda decisions that if issued will impact the Group in the current and prior period

In December 2019, the IFRS interpretation committee issued tentative agenda decision Multiple Tax Consequences of Recovering an Asset (AASB 112 Income Taxes) which considers how an entity determines the tax base of an asset with two distinct tax consequences over its life (taxable economic benefits from use and capital gains on disposal or expiry). The Group identified that assets which would fall into the category above include Television and Radio Licences which at 28 December 2019 had a carrying value after impairment of $479.1m (29 June 2019: $540.7m).

The tentative decision proposes that in these circumstances an entity identifies independent temporary differences (and deferred taxes) that reflect these distinct tax consequences. This agenda decision does not align with the accounting policy currently applied.

The Group has considered the impact of the accounting policy change on the results reported in the current and comparative reporting periods and determined that the above changes would apply to the SWM Group. Should the tentative agenda decision be issued by the committee it would result in the Group retrospectively adjusting the deferred tax accounting for acquired indefinite life assets, specifically Television and Radio Licences. As at 28 December 2019, the impact of this change in accounting policy would be to increase deferred tax liabilities by $143.7m (29 June 2019: $162.2m).

New and amended standards and interpretations

The following accounting standards and interpretations have been issued and are effective for the Group for the period beginning 30 June 2019.

AASB 16 Leases

The impact of the adoption of AASB 16 on the Group's consolidated financial statements are detailed in Note 20.1.

Several other amendments and interpretations apply for the Group for the first time for the period beginning 30 June 2019, but do not have an impact on the consolidated financial statements of the Group.

20.1 Accounting policies adopted during the period

AASB 16 Leases

On adoption of AASB 16, the Group recognised right of use assets and lease liabilities on the statement of financial position in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. In the statement of profit or loss and other comprehensive income, the rental charge is now replaced by depreciation of the right of use asset and interest on the lease liability.

The impact of the adoption of AASB 16 is disclosed in Note 20.1.A to 20.1.F, and Note 20.2. Specifically, the tables in Note 20.1.A and 20.1.B set out the line-by-line impact of AASB 16 on the comparative period statement of profit or loss and other comprehensive income for the half year ended 29 December 2018, and the comparative period statement of financial position as at 29 June 2019 and 29 December 2018.

20. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

20.1.A. Impact on Consolidated Statement of Profit or Loss and Other Comprehensive Income

	REF	For the half year ended 29 December 2018 Reported $'000	AASB 16 impact $'000	**Restated $'000**
Revenue		797,441	-	**797,441**
Other income		602	-	**602**
Revenue and other income		798,043	-	**798,043**
Expenses	[A]	(652,123)	4,385	**(647,738)**
Share of net profit of equity accounted investees		847	-	**847**
Profit before net finance costs and tax		146,767	4,385	**151,152**
Finance income		808	-	**808**
Finance costs		(18,758)	(7,788)	**(26,546)**
Write off of unamortised refinancing cost		(8,587)	-	**(8,587)**
Profit before tax		120,230	(3,403)	**116,827**
Tax expense		(34,444)	1,021	**(33,423)**
Profit for the half year		85,786	(2,382)	**83,404**
Other comprehensive income (expense)				
Items that may be reclassified subsequently to profit or loss:				
Effective portion of changes in fair value of cash flow hedges		(206)	-	**(206)**
Exchange differences on translation of foreign operations		125	-	**125**
Tax relating to items that may be reclassified subsequently to profit or loss		62	-	**62**
Other comprehensive (expense) income for the half year, net of tax		(19)	-	**(19)**
Total comprehensive income for the half year attributable to owners of the Company		85,767	(2,382)	**83,385**
Total comprehensive income (expense) attributable to:				
Owners of the Company		86,142	(2,382)	**83,760**
Non-controlling interests		(375)	-	**(375)**
Total comprehensive income for the year		85,767	(2,382)	**83,385**
Earnings per share for profit attributable to the ordinary equity holders of the Company				
Basic earnings per share		5.7 cents	(0.1) cents	**5.6 cents**
Diluted earnings per share		5.7 cents	(0.1) cents	**5.6 cents**

[A] AASB 16 impact on expenses includes decrease in rental expense relating to operating leases of $9,519,000 and increase in depreciation and amortisation of $5,134,000.

20. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

20.1.B. Impact on Consolidated Statement of Financial Position

	As at 29 June 2019			As at 29 December 2018		
	Reported $'000	AASB 16 impact $'000	**Restated $'000**	Reported $'000	AASB 16 impact $'000	**Restated $'000**
ASSETS						
Current assets						
Cash and cash equivalents	90,455	-	**90,455**	99,566	-	**99,566**
Trade and other receivables	262,798	-	**262,798**	250,880	-	**250,880**
Program rights and inventories	193,269	-	**193,269**	216,334	-	**216,334**
Contract assets	3,566	-	**3,566**	1,179	-	**1,179**
Asset held for sale	-	-	**-**	36,102	-	**36,102**
Other assets	12,454	-	**12,454**	21,617	-	**21,617**
Total current assets	562,542	-	**562,542**	625,678	-	**625,678**
Non-current assets						
Program rights	15,857	-	**15,857**	1,998	-	**1,998**
Equity accounted investees	12,850	-	**12,850**	3,812	-	**3,812**
Other financial assets	60,552	-	**60,552**	60,553	-	**60,553**
Property, plant and equipment	126,554	-	**126,554**	144,532	-	**144,532**
Intangible assets	565,478	-	**565,478**	1,030,350	-	**1,030,350**
Right of use assets	-	117,051	**117,051**	-	120,170	**120,170**
Deferred tax assets	1,759	11,908	**13,667**	-	-	**-**
Other assets	7,178	-	**7,178**	9,273	-	**9,273**
Total non-current assets	790,228	128,959	**919,187**	1,250,518	120,170	**1,370,688**
Total assets	1,352,770	128,959	**1,481,729**	1,876,196	120,170	**1,996,366**
LIABILITIES						
Current liabilities						
Trade and other payables	288,704	(18,170)	**270,534**	242,791	(18,206)	**224,585**
Lease liabilities	-	7,744	**7,744**	-	7,039	**7,039**
Provisions	105,425	-	**105,425**	85,444	-	**85,444**
Deferred income	7,192	-	**7,192**	10,197	-	**10,197**
Contract liabilities	21,368	-	**21,368**	15,910	-	**15,910**
Borrowings	1,045	-	**1,045**	-	-	**-**
Current tax liabilities	1,575	-	**1,575**	11,351	-	**11,351**
Total current liabilities	425,309	(10,426)	**414,883**	365,693	(11,167)	**354,526**
Non-current liabilities						
Trade and other payables	10,011	-	**10,011**	21,463	-	**21,463**
Lease liabilities	-	167,414	**167,414**	-	168,435	**168,435**
Provisions	147,681	-	**147,681**	130,401	-	**130,401**
Contract liabilities	12,792	-	**12,792**	10,500	-	**10,500**
Deferred tax liabilities	-	-	**-**	26,737	(11,033)	**15,704**
Borrowings	653,839	-	**653,839**	688,592	-	**688,592**
Total non-current liabilities	824,323	167,414	**991,737**	877,693	157,402	**1,035,095**
Total liabilities	1,249,632	156,988	**1,406,620**	1,243,386	146,235	**1,389,621**
Net assets	103,138	(28,029)	**75,109**	632,810	(26,065)	**606,745**
EQUITY						
Share capital	3,393,546	-	**3,393,546**	3,393,546	-	**3,393,546**
Reserves	14,640	-	**14,640**	16,702	-	**16,702**
Non-controlling interests	398	-	**398**	(2,634)	-	**(2,634)**
Accumulated deficit	(3,305,446)	(28,029)	**(3,333,475)**	(2,774,804)	(26,065)	**(2,800,869)**
Total equity	103,138	(28,029)	**75,109**	632,810	(26,065)	**606,745**

20. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

20.1.C. Impact on Consolidated Statement of Cash Flows

AASB 16 has no impact on the total cash flow for the period ended 29 December 2018 or cash and cash equivalents at the end of the same period. Cash flows related to operating activities increased as operating lease rental expenses are no longer recognised as operating cash outflows. Cash outflows are instead split between interest paid on lease liabilities in operating cash flows and principal repayments on lease liabilities in financing cash flows as shown in the below extract. Line items that were not affected by the change in accounting policy have not been included below.

	For the half year ended 29 December 2018		
	Reported $'000	AASB 16 impact $'000	**Restated $'000**
Cash flows related to operating activities			
Payments to suppliers and employees	(819,930)	9,972	**(809,958)**
Interest paid on lease liability	-	(7,224)	**(7,224)**
Net operating cash flows	67,073	2,748	**69,821**
Cash flows related to financing activities			
Payment of lease liabilities	-	(2,748)	**(2,748)**
Net financing cash flows	(91,407)	(2,748)	**(94,155)**
Net increase (decrease) in cash and cash equivalents	(42,597)	-	**(42,597)**

20.1.D. Impact on segment disclosures

The following operating segments were affected by the change in accounting policy:

	For the half year ended 29 December 2018					
		AASB 16 Impact*				
	Reported Total $'000	Television $'000	The West $'000	Pacific $'000	Other Business and New Ventures $'000	**Restated Total $'000**
Expenses	(637,402)	8,270	45	1,144	60	**(627,883)**
Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation	161,488	8,270	45	1,144	60	**171,007**
Depreciation and amortisation	(14,721)	(4,617)	(40)	(439)	(38)	**(19,855)**
Profit (loss) before significant items, net finance costs and tax	146,767	3,653	5	705	22	**151,152**

*Corporate is not an operating segment and was not affected by the change in accounting policy.

20.1.E. Reconciliation of operating lease commitments to lease liabilities on 29 June 2019

	$'000
Operating lease commitments disclosed as at 29 June 2019	**155,912**
Discounted using the lessee's incremental borrowing rate at the date of initial application	93,139
(Less): short-term and low value leases recognised on a straight line basis as expense	(2,053)
Add/(less): adjustments as a result of a different treatment of extension options	84,072
Lease liability recognised as at 29 June 2019	**175,158**
Of which are:	
Current lease liabilities	7,744
Non-current lease liabilities	167,414
	175,158

20. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

20.1.F. Amounts recognised in profit or loss

The following table includes the expenses recorded under AASB 16:

Lease expense under AASB 16	**Dec 2019**	**Dec 2018**
	$'000	$'000
Interest on lease liabilities	7,716	7,788
Expenses relating to short-term leases	254	134
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	1,695	896

20.2 The Group's leasing activities and how these are accounted for

As a lessee

The Group leases various offices, equipment, transmission towers and satellites. Rental contracts are typically made for fixed periods of 1 to 10 years, but may have extension options as described in (iii) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration.

The Group recognises a right of use asset and a lease liability at the lease commencement date.

(i) Right of use asset

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using a straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The right of use asset is tested for impairment if there are any indicators of impairment.

(ii) Lease liability

The lease liability is measured at the present value of the lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- the exercise price under a purchase option if the Group is reasonably certain to exercise;
- penalties for early termination if the lease term reflects the Group exercising a break option; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Group's assessment of whether it is reasonably certain to exercise a purchase or extension option or not exercise a break option.

20. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

20.2 The Group's leasing activities and how these are accounted for (continued)

(iii) Extension options

Extension options are included in a number of office and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

(iv) Short-term leases and leases of low-value assets

The Group has elected not to recognise right of use assets and lease liabilities for leases where the total lease term is less than or equal to 12 months, or for leases considered to be low value. The payments for these leases are recognised in the statement of profit or loss on a straight-line basis over the lease term.

(v) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 30 June 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right of use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Directors' Declaration

Seven West Media Limited
ABN 91 053 480 845

FOR THE HALF YEAR ENDED 28 DECEMBER 2019

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

1. the consolidated financial statements and notes set out on pages 9 to 36 are in accordance with the Corporations Act 2001, including:

   (a) giving a true and fair view of the Group's financial position as at 28 December 2019 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;

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

18 February 2020

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 make 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 28 December 2019 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 28 December 2019;
- 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 then ended;
- Notes 1 to 20 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Group*** *comprises* Seven West Media Limited (the Company) and the entities it controlled at the Half-year 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
- 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 28 December 2019 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

Duncan McLennan

Partner

Sydney

18 February 2020