

21 February 2017

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

By electronic lodgment

Total Pages: 30 (including covering letter)

Dear Sir / Madam

HALF-YEAR FINANCIAL REPORT

In accordance with the Listing Rules, following are the Half-Year Report Appendix 4D and the Half-Year Financial Report at 31 December 2016.

Yours faithfully



Warren Coatsworth
Company Secretary

Appendix 4D - Half-Year Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
ABN 46 142 003 469
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

REPORTED				\$m
Revenue from ordinary activities	down	4.82%	to	1,302.7
Net profit from ordinary activities after tax attributable to members	down	743.08%	to	(41.8)
Net profit for period attributable to members	down	743.08%	to	(41.8)

UNDERLYING				\$m
Revenue from ordinary activities	down	4.82%	to	1,302.7
Net profit before net finance expense and tax	up	5.14%	to	175.8
Net profit from ordinary activities after tax attributable to members excluding significant items	down	7.03%	to	103.2
Net profit for period attributable to members excluding significant items	down	7.03%	to	103.2

DIVIDENDS

	Amount per security	Franked amount per security
Ordinary shares		
Interim	20 cents	20 cents
Record date for determining entitlements to the dividend		5.00pm on 20 March 2017
Date the interim dividend is payable		13 April 2017
Transferable Extendable Listed Yield Shares (TELYS4)		
Interim (paid 30 November 2016)	Franked 2.4093	Franked 2.4093
Payments of TELYs4 dividends are in accordance with the prospectus.		

NET TANGIBLE ASSET BACKING

Net tangible asset backing per ordinary share: \$4.74 (December 2015: \$4.96).

This has been calculated by dividing the net assets attributable to equity holders of the Company (reduced for the carrying value of TELYs4 preference shares) less intangible assets by the number of ordinary shares at 31 December 2016.

COMMENTARY ON RESULTS

Detailed commentary on the results for the period is contained in the press release dated 21 February 2017 accompanying this Report. This Report should be read in conjunction with the 2016 Annual Report and any public announcements made by the Company in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

ENTITIES OVER WHICH CONTROL, JOINT CONTROL OR SIGNIFICANT INFLUENCE WAS GAINED OR LOST DURING THE PERIOD

Beach Energy Limited - the Group has the ability to significantly influence Beach Energy Limited from 20 July 2016 following the appointment of Mr Ryan Stokes to Beach Energy Limited's board and the Group's 22.9 per cent investment. Beach contributed \$28.8 million in net profit from ordinary activities after tax attributable to members for the half-year ended 31 December 2016 (December 2015: \$1.3 million).

Appendix 4D - Half-Year Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

ABN 46 142 003 469

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET UNDERLYING TRADING PERFORMANCE

	Underlying trading performance ^(a)		Less: Significant items ^(b)		Statutory results (as reported)	
	Dec 16 \$m	Dec 15 \$m	Dec 16 \$m	Dec 15 \$m	Dec 16 \$m	Dec 15 \$m
Revenue	1,302.7	1,368.6	-	-	1,302.7	1,368.6
Total other income	32.7	48.3	(2.8)	(17.0)	35.5	65.3
Share of results from equity accounted investees	69.2	59.3	9.9	(18.1)	59.3	77.4
Impairment of equity accounted investees	-	-	139.6	182.2	(139.6)	(182.2)
Total expenses excluding depreciation and amortisation	(1,212.8)	(1,289.3)	6.4	8.0	(1,219.2)	(1,297.3)
Profit before depreciation and amortisation, net finance expense and tax	191.8	186.9	153.1	155.1	38.7	31.8
Depreciation and amortisation	(16.0)	(19.7)	-	-	(16.0)	(19.7)
Profit before net finance expense and tax	175.8	167.2	153.1	155.1	22.7	12.1
Net finance expense	(42.7)	(43.6)	(4.7)	-	(38.0)	(43.6)
Profit/(loss) before tax	133.1	123.6	148.4	155.1	(15.3)	(31.5)
Income tax (expense)/benefit	(29.1)	(12.0)	(3.4)	(50.6)	(25.7)	38.6
Profit/(loss) for the period	104.0	111.6	145.0	104.5	(41.0)	7.1
Profit/(loss) for the period attributable to:						
Equity holders of the Company	103.2	111.0	145.0	104.5	(41.8)	6.5
Non-controlling interest	0.8	0.6	-	-	0.8	0.6
Profit/(loss) for the period	104.0	111.6	145.0	104.5	(41.0)	7.1
EARNINGS PER SHARE (EPS)	\$	\$			\$	\$
Ordinary shares						
Basic earnings per share	0.32	0.34			(0.19)	(0.02)
Diluted earnings per share	0.32	0.34			(0.19)	(0.02)

(a) Underlying trading performance is comprised of Statutory results less significant items. Underlying trading performance is separately disclosed and reconciled to statutory performance to assist users in understanding the financial performance of the Group. Underlying trading performance measures are non-International Financial Reporting Standards (IFRS) measures and have not been subject to audit or review.

(b) Significant items are disclosed in Note 3.

Refer to the Consolidated Interim Financial Report for detailed information on individual reported components above.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	Dec 16 \$m	Dec 15 \$m
REVENUE			
Revenue	4	1,302.7	1,368.6
OTHER INCOME			
Dividend income		17.3	19.8
Net gain on sale of investments and equity accounted investees		0.5	7.7
Other		17.7	37.8
Total other income		35.5	65.3
Share of results from equity accounted investees	7	59.3	77.4
Impairment of equity accounted investee	7	(139.6)	(182.2)
EXPENSES EXCLUDING DEPRECIATION AND AMORTISATION			
Expenses	4	(1,219.2)	(1,297.3)
Profit before depreciation and amortisation, net finance expense and income tax		38.7	31.8
Depreciation and amortisation		(16.0)	(19.7)
Profit before net finance expense and income tax		22.7	12.1
Finance income		7.1	2.6
Finance expense		(45.1)	(46.2)
Net finance expense		(38.0)	(43.6)
Loss before income tax		(15.3)	(31.5)
Income tax (expense)/benefit	5	(25.7)	38.6
(Loss)/profit for the period		(41.0)	7.1
(Loss)/profit for the period attributable to:			
Equity holders of the Company		(41.8)	6.5
Non-controlling interest		0.8	0.6
(Loss)/profit for the period		(41.0)	7.1
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of financial assets at fair value through other comprehensive income		(34.0)	(243.0)
Impact of transition - AASB 9: Financial Instruments		-	(6.2)
Income tax relating to items that will not be reclassified subsequently to profit or loss	5	12.1	73.0
Total items that will not be reclassified subsequently to profit or loss		(21.9)	(176.2)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges: effective portion of changes in fair value		(75.8)	5.1
Foreign currency differences for foreign operations		4.6	29.1
Impact of transition - AASB 9: Financial Instruments		-	0.4
Income tax relating to items that may be reclassified subsequently to profit or loss	5	9.2	(1.9)
Total items that may be reclassified subsequently to profit or loss		(62.0)	32.7
Total comprehensive income for the period		(124.9)	(136.4)
Equity holders of the Company		(125.7)	(137.0)
Non-controlling interest		0.8	0.6
Total comprehensive income for the period		(124.9)	(136.4)
EARNINGS PER SHARE (EPS)		\$	\$
Ordinary shares			
Basic earnings per share	6	(0.19)	(0.02)
Diluted earnings per share	6	(0.19)	(0.02)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
AS AT 31 DECEMBER 2016

	Note	Dec 16 \$m	Jun 16 \$m
CURRENT ASSETS			
Cash and cash equivalents		294.9	366.8
Trade and other receivables		542.4	542.7
Inventories		853.6	824.8
Other current assets		46.1	28.9
Derivative financial instruments	13	1.6	1.7
Total current assets		1,738.6	1,764.9
NON-CURRENT ASSETS			
Other receivables		4.8	-
Investments accounted for using the equity method	7	1,127.4	998.0
Other financial assets		647.2	974.6
Property, plant and equipment		164.9	172.0
Producing and development assets	8	220.1	214.5
Exploration and evaluation assets	9	220.1	218.0
Intangible assets		701.7	694.9
Deferred tax assets		10.1	9.5
Derivative financial instruments	13	165.1	184.4
Total non-current assets		3,261.4	3,465.9
Total assets		5,000.0	5,230.8
CURRENT LIABILITIES			
Trade and other payables		409.8	373.0
Interest bearing loans and borrowings	11	117.7	220.1
Deferred income		171.1	228.7
Current tax liability		3.3	9.9
Provisions		51.9	49.8
Employee benefits		34.4	36.8
Derivative financial instruments	13	5.5	16.4
Total current liabilities		793.7	934.7
NON-CURRENT LIABILITIES			
Other payables		-	0.4
Interest bearing loans and borrowings	11	1,565.7	1,514.2
Deferred tax liabilities		34.2	29.5
Deferred income		12.2	12.7
Provisions		51.9	50.8
Employee benefits		11.6	12.5
Derivative financial instruments	13	56.9	8.8
Total non-current liabilities		1,732.5	1,628.9
Total liabilities		2,526.2	2,563.6
Net assets		2,473.8	2,667.2
EQUITY			
Contributed equity		2,472.9	2,472.7
Reserves		(549.9)	(466.0)
Retained earnings		538.7	648.7
Total equity attributable to equity holders of the Company		2,461.7	2,655.4
Non-controlling interest		12.1	11.8
Total equity		2,473.8	2,667.2

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

HALF-YEAR ENDED 31 DECEMBER 2016	Note	Contributed equity \$m	Reserves \$m	Retained earnings \$m	Total \$m	Non-controlling interest \$m	Total equity \$m
Balance as at 1 July 2016		2,472.7	(466.0)	648.7	2,655.4	11.8	2,667.2
(Loss)/profit for the period		-	-	(41.8)	(41.8)	0.8	(41.0)
Net change in fair value of financial assets measured at fair value through other comprehensive income		-	(34.0)	-	(34.0)	-	(34.0)
Cash flow hedges: effective portion of changes in fair value		-	(75.8)	-	(75.8)	-	(75.8)
Foreign currency differences for foreign operations		-	4.6	-	4.6	-	4.6
Income tax on items of other comprehensive income	5	-	21.3	-	21.3	-	21.3
Total comprehensive income for the period		-	(83.9)	(41.8)	(125.7)	0.8	(124.9)
Transactions with owners recognised directly in equity							
Ordinary dividends paid	14	-	-	(56.2)	(56.2)	(0.5)	(56.7)
TELYS4 dividends paid	14	-	-	(12.0)	(12.0)	-	(12.0)
Shares vested and transferred to employee		0.2	(0.2)	-	-	-	-
Share based payments		-	0.2	-	0.2	-	0.2
Total distributions to owners		0.2	-	(68.2)	(68.0)	(0.5)	(68.5)
Total movement in equity for the period		0.2	(83.9)	(110.0)	(193.7)	0.3	(193.4)
Balance as at 31 December 2016		2,472.9	(549.9)	538.7	2,461.7	12.1	2,473.8

HALF-YEAR ENDED 31 DECEMBER 2015

Balance as at 1 July 2015		2,544.6	(344.2)	596.2	2,796.6	12.8	2,809.4
Profit for the period		-	-	6.5	6.5	0.6	7.1
Impact of transition - AASB 9: Financial Instruments		-	0.4	(6.2)	(5.8)	-	(5.8)
Net change in fair value of financial assets measured at fair value through other comprehensive income		-	(243.0)	-	(243.0)	-	(243.0)
Cash flow hedges: effective portion of changes in fair value		-	5.1	-	5.1	-	5.1
Foreign currency differences for foreign operations		-	29.1	-	29.1	-	29.1
Income tax on items of other comprehensive income	5	-	71.1	-	71.1	-	71.1
Total comprehensive income for the period		-	(137.3)	0.3	(137.0)	0.6	(136.4)
Transactions with owners recognised directly in equity							
Ordinary dividends paid	14	-	-	(58.5)	(58.5)	(0.2)	(58.7)
TELYS4 dividends paid	14	-	-	(12.1)	(12.1)	-	(12.1)
Shares bought back on-market		(69.5)	-	-	(69.5)	-	(69.5)
Shares vested and transferred to employee		0.2	(0.2)	-	-	-	-
Total distributions to owners		(69.3)	(0.2)	(70.6)	(140.1)	(0.2)	(140.3)
Total movement in equity for the period		(69.3)	(137.5)	(70.3)	(277.1)	0.4	(276.7)
Balance as at 31 December 2015		2,475.3	(481.7)	525.9	2,519.5	13.2	2,532.7

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Consolidated Cash Flow Statement

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	Dec 16 \$m	Dec 15 \$m
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
Receipts from customers		1,372.9	1,539.1
Payments to suppliers and employees		(1,329.3)	(1,365.0)
Dividends and distributions received from equity accounted investees	7	49.6	45.3
Other dividends received		17.3	20.2
Interest and other items of a similar nature received		2.4	3.2
Interest and other costs of finance paid		(44.6)	(41.9)
Income taxes (paid)/refunded		(10.7)	8.2
Income tax funding paid to equity accounted investee		-	(7.2)
Net operating cash flows	10	57.6	201.9
CASH FLOWS RELATED TO INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment		(14.2)	(9.7)
Proceeds from sale of property, plant and equipment		3.5	0.1
Payments for purchase of intangible assets		(2.3)	(15.2)
Payment for production, development and exploration expenditure		(4.2)	(25.7)
Payments for other investments		(22.0)	(60.0)
Proceeds from sale of other financial assets		50.4	15.2
Acquisition of equity accounted investee		(1.8)	-
Loans and deposits paid		-	(5.0)
Net investing cash flows		9.4	(100.3)
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
Ordinary dividends paid	14	(56.2)	(58.5)
TELYS4 dividends paid	14	(12.0)	(12.1)
Dividends paid to non-controlling interests		(0.5)	(0.2)
Payments under share buy-back		-	(70.1)
Proceeds from borrowings		142.0	203.1
Repayment of borrowings		(216.9)	(165.1)
Net financing cash flows		(143.6)	(102.9)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		366.8	290.7
Effect of exchange rate changes on cash and cash equivalents		4.7	15.6
Cash and cash equivalents at end of the period		294.9	305.0

The consolidated cash flow statement is to be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1. BASIS OF PREPARATION

Seven Group Holdings Limited (the Company) is a for-profit company limited by shares and the shares are publicly traded on the Australian Securities Exchange (ASX). The Company is domiciled in Australia. These consolidated financial statements cover the half-year ended 31 December 2016 (Consolidated Interim Financial Report) and comprise the Company and its subsidiaries (together referred to as the Group), and the Group's interest in equity accounted investees.

The Consolidated Interim Financial Report was authorised for issue in accordance with a resolution of the Directors on 21 February 2017.

The Consolidated Interim Financial Report is a general purpose financial report. It has been prepared in accordance with the *Corporations Act 2001* and with International Accounting Standard IAS 34: *Interim Financial Reporting*. International Financial Reporting Standards (IFRSs) form the basis of Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The Consolidated Interim Financial Report should be read in conjunction with the 2016 Annual Report and considered with any public announcements made by the Company during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX Listing rules. A copy of the 2016 Annual Report is available from the Company on request or at www.sevengroup.com.au.

The Consolidated Interim Financial Report does not include all of the notes of the type normally included in an 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 a full annual financial report.

The Consolidated Interim Financial Report is presented in Australian Dollars, which is the functional currency of the Group and is prepared on the historical cost basis except for the following items measured at their fair value:

- equity investments;
- derivative financial instruments; and
- liabilities for cash-settled share based payments.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the half-year Financial Report are rounded off to the nearest whole number of million of dollars and one place of decimals representing hundreds of thousands of dollars unless otherwise stated.

(A) ACCOUNTING POLICIES

The Consolidated Interim Financial Report has been prepared using accounting policies that are consistent with those that were applied by the Group and disclosed in the 2016 Annual Report.

A number of new standards, amendment to standards and interpretations are effective for future reporting periods. These standards have not been applied in preparing this Consolidated Interim Financial Report.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1. BASIS OF PREPARATION (CONTINUED)

(B) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires that management make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. They 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.

Revisions to estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing this Consolidated Interim Financial Report, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation and uncertainty were the same as those applied to the consolidated financial statements as at, and for the year ended, 30 June 2016. Specifically, the following critical estimates and judgements reconsidered in this reporting period were:

- Revenue recognition - maintenance and repair contracts
- Income tax
- Control, joint control or significant influence over equity accounted investees
- Impairment of investments accounted for using the equity method
- Dependency on key suppliers
- Impairment of intangible assets
- Producing and development assets
- Exploration and evaluation assets
- Restoration provisions.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

2. OPERATING SEGMENTS

RECOGNITION AND MEASUREMENT

Identification of reportable segments

The accounting policies used by the Group in reporting segments internally are the same as those described in the 2016 Annual Report.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The operating segments are identified by management based on the manner in which products are sold, the nature of services provided and country of origin.

- WesTrac Australia* WesTrac Australia is the authorised Caterpillar dealer (including Bucyrus/Expanded Mining Products) in Western Australia, New South Wales and the Australian Capital Territory, providing heavy equipment sales and support to customers.
- WesTrac China* WesTrac China is the authorised Caterpillar dealer (including Bucyrus/Expanded Mining Products) in the North Eastern China provinces of Hebei, Liaoning, Heilongjiang, Jilin, Shanxi, Inner Mongolia and the municipalities of Beijing and Tianjin, providing heavy equipment sales and support to customers.
- AllightSykes* AllightSykes represents the Group's operations in the manufacture, assembly, sales and support of lighting towers, FG Wilson power generation and dewatering equipment as well as distribution of Perkins engines.
- Coates Hire* Coates Hire represents the Group's equity accounted investment in Coates Group Holdings Pty Limited. Coates Hire is Australia's largest equipment hire company and provides a full range of general and specialist equipment to a wide variety of markets including engineering, building construction and maintenance, mining and resources, manufacturing, government and events.
- Media investments* Media investments relates to investments in listed and unlisted media organisations, including but not limited to Seven West Media Limited.
- Energy* Energy relates to the Group's 11.2 per cent working interest in the Bivins Ranch area in Texas USA, wholly-owned interest in SGH Energy Pty Limited and the Group's equity accounted investment in Beach Energy Limited (Beach). In the prior period, the Group's interest in Beach was classified as a listed equity security within other financial assets.
- Other investments* Other investments incorporates other listed investments and property.

The Group is domiciled in Australia and operates predominantly in three countries: Australia, China and the United States of America.

Segment revenues are allocated based on the country in which the customer is located. The WesTrac China segment represents all revenue derived from China. The Energy segment includes revenue derived from the United States of America.

Segment non-current assets are allocated to countries based on where the assets are located.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

2. OPERATING SEGMENTS (CONTINUED)

	WesTrac Australia ^(a)		WesTrac China		AllightSykes ^(a)		Coates Hire		Media investments ^(b)		Energy ^(c)		Other investments		Total	
	Dec 16	Jun 16	Dec 16	Jun 16	Dec 16	Jun 16	Dec 16	Jun 16	Dec 16	Jun 16	Dec 16	Jun 16	Dec 16	Jun 16	Dec 16	Jun 16
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Segment revenue																
Sales to external customers	1,026.3	1,067.2	239.3	258.2	33.3	39.4	-	-	-	-	2.3	3.8	1.5	-	1,302.7	1,368.6
Segment result																
Segment earnings before interest, income tax, depreciation and amortisation (EBITDA) ^{(d)(e)}	87.4	99.0	19.7	12.6	(0.6)	0.7	12.6	2.5	39.2	60.4	18.0	3.5	19.1	18.4	195.4	197.1
Depreciation and amortisation	(12.3)	(13.9)	(1.8)	(2.8)	(0.9)	(1.2)	-	-	-	-	(0.8)	(1.7)	(0.1)	(0.1)	(15.9)	(19.7)
Segment earnings before interest and tax (EBIT) ^(e)	75.1	85.1	17.9	9.8	(1.5)	(0.5)	12.6	2.5	39.2	60.4	17.2	1.8	19.0	18.3	179.5	177.4
Other segment information																
Share of results of equity accounted investees included in segment EBIT (excluding significant items) ^(f)	0.2	(0.1)	-	-	-	-	11.8	1.7	38.5	57.5	18.5	-	0.2	0.2	69.2	59.3
Impairment of assets recognised in profit or loss	-	-	-	-	-	-	-	-	(139.6)	(182.2)	-	-	-	-	(139.6)	(182.2)
Capital expenditure	(14.3)	(20.9)	(1.9)	(0.9)	(0.4)	(0.7)	-	-	-	-	(4.2)	(25.7)	-	(2.4)	(20.8)	(50.6)
	Dec 16	Jun 16	Dec 16	Jun 16	Dec 16	Jun 16	Dec 16	Jun 16	Dec 16	Jun 16	Dec 16	Jun 16	Dec 16	Jun 16	Dec 16	Jun 16
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance sheet																
Investments accounted for using the equity method	29.1	29.0	-	-	-	-	290.1	283.0	498.9	655.8	282.0	-	27.3	30.2	1,127.4	998.0
Other segment assets	1,508.2	1,502.5	717.2	653.1	35.3	48.1	-	-	104.5	95.3	440.9	690.7	576.1	669.0	3,382.2	3,658.7
Segment assets	1,537.3	1,531.5	717.2	653.1	35.3	48.1	290.1	283.0	603.4	751.1	722.9	690.7	603.4	699.2	4,509.6	4,656.7
Segment liabilities	(402.2)	(435.4)	(189.0)	(164.8)	(7.3)	(11.4)	-	-	-	(0.1)	(61.3)	(59.4)	(18.9)	(19.8)	(678.7)	(690.9)

(a) WesTrac Australia and AllightSykes' segment results above have been reduced in relation to the elimination of sales to Coates Hire due to the Group's interest in Coates Hire.

(b) Media investments comprise investments accounted for using the equity method and financial assets fair valued through other comprehensive income.

(c) The Energy segment includes amounts in relation to the Group's equity accounted investment in Beach in the current period. In the prior period, the Group's interest was classified in Other segment assets as the Group did not have the ability to significantly influence Beach.

(d) Segment EBITDA comprises profit before depreciation and amortisation, net finance expense, income tax and significant items.

(e) Segment EBIT comprises profit before net finance costs, income tax and significant items.

(f) Coates Hire and Media investments segment EBITDA, EBIT and share of results of equity accounted investees excludes share of results from equity accounted investees attributable to significant items.

Refer to Note 3: Significant Items for further details on significant items.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

2. OPERATING SEGMENTS (CONTINUED)

ANALYSIS BY GEOGRAPHICAL AREA

	Segment revenue		Non-current assets ^(a)	
	Dec 16	Dec 15	Dec 16	Jun 16
	\$m	\$m	\$m	\$m
Australia	1,061.1	1,106.6	2,627.6	855.1
China	239.3	258.2	345.2	339.0
United States of America	2.3	3.8	108.3	105.3
Total by geographical segment	1,302.7	1,368.6	3,081.1	1,299.4

(a) Non-current assets other than financial instruments and deferred tax assets. There are no employment benefit assets and rights arising under insurance contracts.

SEGMENT RECONCILIATIONS

	Dec 16	Dec 15
Reconciliation of segment EBIT to loss before income tax per consolidated statement of profit or loss	\$m	\$m
Segment earnings before interest and tax (EBIT)	179.5	177.4
Corporate operating costs	(3.7)	(10.2)
Significant items in other income	2.3	9.3
Loss on disposal of derivative financial instruments	(2.5)	(4.6)
Gain on sale of investments and equity accounted investees	0.5	7.7
Share of results from equity accounted investees attributable to significant items	(9.9)	18.1
Impairment of equity accounted investee	(139.6)	(182.2)
Fair value movement of derivatives	0.8	(0.8)
Restructuring and redundancy costs	(4.7)	(2.6)
Net finance expense	(38.0)	(43.6)
Loss before income tax per consolidated statement of profit or loss	(15.3)	(31.5)

	Dec 16	Jun 16
Reconciliation of segment operating assets to total assets per consolidated statement of financial position	\$m	\$m
Segment operating assets	4,509.6	4,656.7
Assets held at corporate level	18.7	11.7
Corporate cash holdings	294.9	366.8
Deferred tax assets	10.1	9.5
Derivative financial instruments (assets)	166.7	186.1
Total assets per consolidated statement of financial position	5,000.0	5,230.8

	Dec 16	Jun 16
Reconciliation of segment operating liabilities to total liabilities per consolidated statement of financial position	\$m	\$m
Segment operating liabilities	(678.7)	(690.9)
Liabilities held at corporate level	(64.2)	(73.8)
Current interest bearing loans and borrowings	(117.7)	(220.1)
Non-current interest bearing loans and borrowings	(1,565.7)	(1,514.2)
Current tax liabilities	(3.3)	(9.9)
Deferred tax liabilities	(34.2)	(29.5)
Derivative financial instruments (liabilities)	(62.4)	(25.2)
Total liabilities per consolidated statement of financial position	(2,526.2)	(2,563.6)

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

3. SIGNIFICANT ITEMS

Profit/(loss) before income tax includes the following income and expenses for which disclosure is relevant in explaining the underlying financial performance of the Group.

	Dec 16 \$m	Dec 15 \$m
SIGNIFICANT ITEMS		
Net gain on sale of investments and equity accounted investees	0.5	7.7
Impairment of equity accounted investee	(139.6)	(182.2)
Share of results from equity accounted investees attributable to significant items	(9.9)	18.1
Loss on disposal of derivative financial instruments	(2.5)	(4.6)
Fair value movement of derivatives	0.8	(0.8)
Restructuring and redundancy costs	(4.7)	(2.6)
Significant items in other income	2.3	9.3
Significant items in finance income	4.7	-
Total significant items before income tax	(148.4)	(155.1)
Income tax benefit on significant items	3.4	50.6
Total significant items	(145.0)	(104.5)

Net gain on sale of investments and equity accounted investees relates to the net profit realised on the disposal of an investment and, in the prior period, the sale of stage four of the Kings Square property development in Perth, Western Australia.

Impairment of equity accounted investee relates to the impairment of the Group's investment in the ordinary equity of Seven West Media.

Share of results from equity accounted investees attributable to significant items relates to the Group's share of significant items included in the results of equity accounted investees such as gain on sale of properties and assets, restructuring and redundancy costs and onerous contracts.

Loss on disposal of derivative financial instruments relates to the loss on the unwind of equity derivative positions during the period.

Fair value movement of derivatives relates to the Group's mark-to-market of cash-settled equity derivatives which are not part of a designated hedge.

Restructuring and redundancy costs relate to the restructuring programs undertaken by subsidiaries.

Significant items in other income relates to estimated legal settlements receivable as well as leasing bonuses received in the current and prior period.

Significant items in finance income relates to estimated interest on legal settlements receivable.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

4. REVENUE AND EXPENDITURE

	Dec 16 \$m	Dec 15 \$m
REVENUE		
Revenue from product sales	411.5	551.1
Revenue from product support	887.4	813.7
Revenue from sale of oil, gas and condensate	2.3	3.8
Other revenue	1.5	-
Total revenue	1,302.7	1,368.6
EXPENDITURE EXCLUDING DEPRECIATION AND AMORTISATION		
Materials cost of inventory sold and used in product sales and product support	(867.6)	(926.4)
Employee benefits	(237.2)	(245.3)
Operating lease rental	(29.2)	(33.0)
Loss on disposal of derivatives	(2.5)	(4.6)
Fair value movement of derivatives	0.8	(0.8)
Other expenses	(83.5)	(87.2)
Total expenses excluding depreciation and amortisation	(1,219.2)	(1,297.3)

5. INCOME TAX

	Dec 16 \$m	Dec 15 \$m
INCOME TAX EXPENSE		
Current tax expense	(10.7)	(4.6)
Deferred tax (expense)/benefit	(12.4)	35.4
Adjustment for prior periods - non-temporary differences	(2.6)	7.8
Total income tax (expense)/benefit	(25.7)	38.6
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX STATUTORY PROFIT:		
Income tax using the domestic corporation tax rate 30%	4.7	9.5
Recognition of deferred tax asset on capital and revenue losses, not previously recognised	-	0.1
Franked dividends	13.2	13.3
Share of equity accounted investees' net profit	1.6	0.5
Non-assessable income	5.4	7.8
Non-deductible expenses	(2.7)	(0.8)
Other non-taxable/non-deductible items	(0.6)	-
Non-recognition of deferred tax asset on unrealised capital losses in the current period	(45.0)	-
(Under)/over provided in prior years	(2.6)	7.8
Difference in overseas tax rates	0.3	0.4
Income tax (expense)/benefit	(25.7)	38.6
DEFERRED INCOME TAX RECOGNISED DIRECTLY IN EQUITY		
Relating to financial assets at fair value through other comprehensive income	12.1	73.0
Relating to cash flow hedge reserve	9.2	(1.9)
Total deferred income tax recognised directly in equity	21.3	71.1

The Company continues to have a number of outstanding tax positions that are currently under review and objection with the relevant taxation authorities. Successful resolution of these matters could potentially result in the realisation of tax benefits for the Group. These outstanding tax positions are yet to meet the recognition requirements of actual or contingent assets.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

6. EARNINGS PER SHARE

Profit or loss attributable to ordinary shareholders is stated after allocation of the portion of profit or loss attributable to holders of TELYS4.

	Dec 16 \$	Dec 15 \$
STATUTORY EARNINGS PER SHARE		
Ordinary shares - total earnings per share from continuing operations		
Basic and diluted	(0.19)	(0.02)

	6 months to Dec 16 \$m	6 months to Dec 15 \$m
EARNINGS RECONCILIATION BY CATEGORY OF SHARE		
Ordinary shares	(53.8)	(5.8)
TELYS4	12.0	12.3
Net profit attributable to equity holders of the Company	(41.8)	6.5

	Dec 16 #m	Dec 15 #m
WEIGHTED AVERAGE NUMBER OF SHARES		
Ordinary shares for basic earnings per share		
Issued shares as at 1 July	281.6	296.2
- Shares bought back and cancelled	-	(14.6)
Issued shares as at 31 December	281.6	281.6
Weighted average number of shares (basic and diluted) at 31 December^(a)	281.6	290.0

(a) The weighted average number of shares used to calculate underlying earnings per share is the same as the weighted average number of shares used to calculate statutory earnings per share.

	Dec 16 \$	Dec 15 \$
UNDERLYING EARNINGS PER SHARE FROM CONTINUING OPERATIONS		
Ordinary shares - total underlying earnings per share from continuing operations		
Basic and diluted	0.32	0.34

Underlying earnings per share from continuing operations is a non-IFRS measure and is calculated as follows:

	Dec 16 \$m	Dec 15 \$m
UNDERLYING EARNINGS RECONCILIATION BY CATEGORY OF SHARE		
Net (loss)/profit attributable to equity holders of the Company	(41.8)	6.5
Add: significant items (refer Note 3)	145.0	104.5
Underlying net profit attributable to equity holders of the Company	103.2	111.0
Underlying earnings allocated to category of share:		
Ordinary shares	91.2	98.7
TELYS4	12.0	12.3
Net underlying profit attributable to equity holders of the Company	103.2	111.0

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Dec 16 \$m	Jun 16 \$m
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Investments in associates		
Beach Energy Limited	282.0	-
Seven West Media Limited	498.1	655.8
Individually immaterial associates	31.5	33.5
Investments in joint ventures		
Coates Group Holdings Pty Limited	290.1	283.0
Individually immaterial joint ventures	25.7	25.7
Total investments accounted for using the equity method	1,127.4	998.0

BEACH ENERGY LIMITED

Beach Energy Limited (Beach) is a listed oil and gas exploration, development and production company based in Australia with investments in the resource industry. The Group holds a 22.9 per cent interest in Beach Energy Limited. Following the appointment of Mr Ryan Stokes, SGH Managing Director & Chief Executive Officer, to the Beach board on 20 July 2016, the Group now accounts for its interest as an equity accounted investee as it has the ability to influence the financial and operating policy decisions. In the prior period, the Group did not significantly influence Beach and accordingly the Group's investment was recorded as a financial asset fair valued through other comprehensive income. The Group's investment in Beach is held for strategic purposes and disclosed within the Energy segment.

SEVEN WEST MEDIA LIMITED

Seven West Media Limited (Seven West Media) is the leading listed national multi-platform media business based in Australia. The Group has classified its investment in Seven West Media as an equity accounted investee as the Group, through its 41.0 per cent ownership interest (June 2016: 41.0 per cent) and equivalent voting rights has the ability to significantly influence, but not control or jointly control the financial and operating policy decisions of Seven West Media. The Group's investment in Seven West Media is held for strategic purposes and disclosed within the Media investments segment.

COATES GROUP HOLDINGS PTY LIMITED

Coates Group Holdings Pty Limited (Coates Hire) is Australia's largest and leading rental company. The investment deed entered into by a wholly-owned Group subsidiary, National Hire Group Limited (National Hire) and The Carlyle Group (Carlyle) confers equal control rights of Coates Hire to each of National Hire and Carlyle. As the Group has joint control and Coates Hire is a separate entity in which the Group has an interest in the residual net assets, the Group's investment in Coates Hire is classified as a joint venture. The Group's investment in Coates Hire is held for strategic purposes and disclosed within the Coates Hire segment. Although the Group's voting rights in Coates Hire are 50%, the Group has determined its economic interest to be 46.5 per cent (June 2016: 46.5 per cent) after considering vesting conditions for options issued under Coates Hire's Management Equity Plan.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Detailed in the table below are the Group's associates and joint ventures as at 31 December 2016. The country of incorporation is also their principal place of business.

Investee	Principal activities	Country of incorporation	Balance date	Ownership interest	
				Dec 16	Jun 16
ASSOCIATES					
Beach Energy Limited ^(a)	Oil and gas exploration, development, production	Australia	30 Jun	22.9%	-
Energy Power Systems Australia Pty Ltd	Distribution and rental of CAT engine products	Australia	30 Jun	40.0%	40.0%
Impulse Screen Media Pty Limited ^(b)	Technology	Australia	30 Jun	28.0%	-
iSeekplant Pty Limited ^(c)	Online services	Australia	30 Jun	18.2%	10.0%
Mo's Mobiles Pty Limited	Mobile phone retailer	Australia	30 Jun	25.0%	25.0%
Premier Capital Developments Pty Limited	Property management	Australia	30 Jun	25.0%	25.0%
Revy Investments Pty Limited	Property management	Australia	30 Jun	25.0%	25.0%
Revy Investments Trust	Property management	Australia	30 Jun	25.0%	25.0%
Seven West Media Limited	Media	Australia	24 Jun	41.0%	41.0%
JOINT VENTURES					
Coates Group Holdings Pty Limited ^(d)	Rental services	Australia	30 Jun	46.5%	46.5%
Flagship Property Holdings Pty Limited	Property management	Australia	31 Dec	47.3%	47.3%
Kings Square Pty Ltd	Property development	Australia	30 Jun	50.0%	50.0%
Kings Square No. 4 Unit Trust	Property development	Australia	30 Jun	50.0%	50.0%

(a) The Group's interest in Beach was converted from a financial asset measured at fair valued through other comprehensive income to an equity accounted investee on 20 July 2016.

(b) On 18 November 2016, the Group acquired a 28.0 per cent interest in Impulse Screen Media Pty Limited with a further 6.8 per cent held via related parties.

(c) Despite the Group's investment in iSeekplant Pty Limited (iSeekplant) being only 18.2 per cent, the Group has the ability to significantly influence the financial and operating policy decisions through its representation on the iSeekplant board. The Group's interest in iSeekplant increased from 10.0 per cent to 18.2 per cent in July 2016 following further investment.

(d) The Group has determined its economic interest in Coates Hire to be 46.5 per cent after the vesting of options issued under Coates Hire's Management Equity Plan.

	Dec 16	Dec 15
	\$m	\$m
SHARE OF INVESTEE'S NET PROFIT		
Investments in associates:		
Beach Energy Limited	28.8	-
Seven West Media Limited	5.4	55.4
Individually immaterial associates	19.2	13.9
Investments in joint ventures:		
Coates Group Holdings Pty Limited	5.9	1.7
Individually immaterial joint ventures	-	6.4
Share of results from equity accounted investees	59.3	77.4

The Group received cash dividends and distributions of \$49.6 million from its investments in equity accounted investees during the half-year ended 31 December 2016 (December 2015: \$45.3 million).

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	Beach		Seven West Media	
	Dec 16	Jun 16	Dec 16	Jun 16
	\$m	\$m	\$m	\$m
MARKET VALUES OF LISTED INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Book value	282.0	-	498.1	655.8
Market value	355.6	-	498.1	655.8

An impairment charge of \$139.6 million (December 2015: \$182.2 million impairment charge) relating to the Group's investment in Seven West Media was recognised in impairment of equity accounted investees in profit or loss during the period.

8. PRODUCING AND DEVELOPMENT ASSETS

	Dec 16	Jun 16
	\$m	\$m
PRODUCING AND DEVELOPMENT ASSETS		
At cost	234.9	228.3
Accumulated depreciation	(14.8)	(13.8)
Total producing and development assets	220.1	214.5

Producing and development assets comprise the Group's operating interests in oil and gas assets located in the United States of America and Australia.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

As at 31 December 2016, the Group performed an impairment review of its producing and development assets in accordance with *AASB 136: Impairment of Assets*. The recoverable amount of the Group's investment in these assets was determined using a fair value less cost of disposal approach. This approach used a discounted cash flow (DCF) model based on estimates of future production, energy prices, tolling fees, capital expenditure, discount rates and other relevant metrics. In preparing the DCF models, the Group adopted a long-term Brent oil price forecast based on a combination of observable short to medium term market data and independent long-term forecasts.

SENSITIVITY ANALYSIS

A sensitivity analysis was performed on the recoverable value produced by the DCF models based on changes to the long-term oil price assumption. An impairment provision of \$24.9 million referable to the Group's Bivins Ranch producing asset would be required to be recognised by the Group if the average real long-term West Texas Intermediate oil price assumption is 10 per cent lower.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

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9. EXPLORATION AND EVALUATION ASSETS

	Dec 16 \$m	Jun 16 \$m
EXPLORATION AND EVALUATION ASSETS		
At cost	220.1	218.0
Total exploration and evaluation assets	220.1	218.0

Exploration and evaluation assets are located in Australia.

The Group continues to work with Shell as Operator and fellow Crux joint operators in conducting the necessary technical feasibility studies, as well as evaluating commercialisation and development options for the Crux asset to enable final investment decision by the end of the Retention Lease period in 2017. There are no facts or circumstances indicating an impairment of the asset under *AASB 6: Exploration for and Evaluation of Mineral Resources* at 31 December 2016.

The recoverability of the Crux joint operation remains dependent on successful development and commercial exploitation, or alternatively sale of the respective area of interest.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

10. NOTES TO THE CASH FLOW STATEMENT

	Dec 16 \$m	Dec 15 \$m
Reconciliation of (loss)/profit for the period to net cash flows related to operating activities		
(Loss)/profit after tax	(41.0)	7.1
Depreciation and amortisation:		
Property, plant and equipment	14.2	17.8
Intangible assets	1.8	1.9
Capitalised borrowing costs	1.1	1.1
Share of results from equity accounted investees	(59.3)	(77.4)
Share based payment expense	-	1.7
Dividends received from equity accounted investees	49.6	45.3
Loss/(gain) on sale of property, plant and equipment	1.8	(7.7)
Gain on sale of investments and derivative financial instruments	(0.5)	-
Loss on sale of investments and derivative financial instruments	2.5	4.6
Fair value movement of derivatives	(0.8)	0.8
Impairment of equity accounted investee	139.6	182.2
Other	(0.1)	(3.5)
Movement in:		
Trade and other receivables	(4.5)	20.3
Inventories	(28.8)	19.2
Other assets	(17.2)	(11.4)
Trade and other payables/deferred income	(21.3)	38.3
Provisions	(0.1)	(0.9)
Tax balances	20.6	(37.5)
Net operating cash flows	57.6	201.9

11. INTEREST BEARING LOANS AND BORROWINGS

	Dec 16 \$m	Jun 16 \$m
CURRENT		
Interest bearing liabilities	37.4	37.7
Non-interest bearing liabilities	80.0	80.0
Fixed term US dollar notes	-	101.0
Finance lease liabilities	0.3	1.4
	117.7	220.1
NON-CURRENT		
Interest bearing liabilities	906.3	869.6
Fixed term US dollar notes	663.8	648.1
Less: capitalised borrowing costs net of accumulated amortisation	(4.6)	(4.1)
Finance lease liabilities	0.2	0.6
	1,565.7	1,514.2

The current interest bearing liabilities of \$37.4 million (June 2016: \$37.7 million) relate to the Group's working capital facilities. These liabilities are drawn from rolling short dated facilities within Australia of \$288.7 million (June 2016: \$288.7 million) and China of \$247.4 (June 2016: \$241.9 million) and are generally reviewed annually. These liabilities are unsecured.

At 31 December 2016, the Group had available undrawn borrowing facilities of \$923.7 million (June 2016: \$954.9 million) and also had access to unutilised short dated lines of credit totalling \$186.5 million (June 2016: \$184.6 million).

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

12. FINANCIAL INSTRUMENTS

OVERVIEW

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. Significant valuation matters are reported to the Group Audit & Risk Committee.

The Group uses various methods in estimating the fair value of a financial instrument. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 Fair value is calculated using quoted prices in active markets.
- Level 2 Fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).
- Level 3 Fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of listed equity securities are based on quoted market prices. For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs. Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps and foreign exchange contracts not traded on a recognised exchange.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Financial instruments, carried at fair value, as well as the methods used to estimate the fair value are summarised on the following page.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

12. FINANCIAL INSTRUMENTS (CONTINUED)

	Note	Level in fair value hierarchy	Dec 16 Carrying amount \$m	Dec 16 Fair value \$m	Jun 16 Carrying amount \$m	Jun 16 Fair value \$m
Financial assets measured at fair value						
Listed equity securities (excluding derivatives)		1	555.6	555.6	892.4	892.4
Unlisted equity securities		3	91.6	91.6	82.2	82.2
Forward foreign exchange contracts - used for hedging	13	2	0.3	0.3	0.7	0.7
Cross currency swap - used for hedging	13	2	165.1	165.1	184.4	184.4
Equity derivatives	13	2	1.3	1.3	1.0	1.0
			813.9	813.9	1,160.7	1,160.7
Financial assets not measured at fair value						
Cash and cash equivalents		-	294.9	294.9	366.8	366.8
Trade and other receivables		-	547.2	547.2	542.7	542.7
			842.1	842.1	909.5	909.5
Financial liabilities measured at fair value						
Forward foreign exchange contracts - used for hedging	13	2	8.4	8.4	17.7	17.7
Cross currency swap - used for hedging	13	2	50.6	50.6	2.1	2.1
Interest rate swaps - used for hedging	13	2	-	-	1.5	1.5
Equity derivatives	13	2	3.4	3.4	3.9	3.9
			62.4	62.4	25.2	25.2
Financial liabilities not measured at fair value						
Trade and other payables (excluding accruals)		-	254.2	254.2	330.9	330.9
Fixed term US dollar notes	11	2	663.8	726.9	749.1	831.9
Other borrowings	11	2	1,019.6	1,019.6	985.2	985.2
			1,937.6	2,000.7	2,065.2	2,148.0

There have been no transfers between different levels in the fair value hierarchy in the period.

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SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Dec 16	Jun 16
	\$m	\$m
CURRENT ASSETS		
Forward foreign exchange contracts	0.3	0.7
Equity derivatives	1.3	1.0
	1.6	1.7
NON-CURRENT ASSETS		
Cross currency swaps	165.1	184.4
CURRENT LIABILITIES		
Forward foreign exchange contracts	(2.1)	(12.5)
Equity derivatives	(3.4)	(3.9)
	(5.5)	(16.4)
NON-CURRENT LIABILITIES		
Forward foreign exchange contracts and cross currency swaps	(6.3)	(7.3)
Cross currency interest rate swaps - fair value adjustment	(50.6)	-
Interest rate swaps	-	(1.5)
	(56.9)	(8.8)
Net derivative financial instruments	104.3	160.9

The Group is a party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates, foreign exchange rates and equity prices in accordance with the Group's financial risk management policies.

Interest rate swaps

The Group's policy is to hedge a portion of its interest bearing liabilities from exposure to changes in interest rates.

The gain or loss from remeasuring the hedging instruments to fair value is deferred in equity in the hedge reserve and reclassified into profit or loss when the hedged interest expense is recognised. To the extent that the hedge is ineffective or undesignated, the fair value movement is recognised in profit or loss.

Forward foreign exchange contracts

The Group has entered into forward foreign currency exchange contracts to hedge the US Dollar (USD) denominated debt in conjunction with cross currency swaps. The Group has obligations to repay the principal amount of USD denominated debt and interest thereon. 100% of USD denominated debt and coupon obligations are hedged with foreign exchange derivatives.

The Group from time to time also enters into forward foreign exchange contracts to hedge certain known trading commitments predominantly denominated in USD. The terms of these commitments are generally shorter than one year.

Cross currency swaps

The Group has obligations to repay the principal and interest relating to USD denominated debt. The Group enters into cross currency swap contracts to hedge these obligations.

Equity derivatives

The Group enters into equity derivatives from time to time to hedge the value of listed investments or to gain exposure to certain market sectors.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

14. DIVIDENDS

	Date of payment	Franked / unfranked	Amount per share	Total \$m
DIVIDENDS PAID				
Ordinary shares				
Final dividend in respect of 2016 year	7 Oct 16	Franked	\$ 0.20	56.2
Transferable Extendable Listed Yield Shares (TELYS4)				
Dividend	30 Nov 16	Franked	\$ 2.4093	12.0
Total dividends paid				68.2
Ordinary shares				
Final dividend in respect of 2015 year	9 Oct 15	Franked	\$ 0.20	58.5
Transferable Extendable Listed Yield Shares (TELYS4)				
Dividend	30 Nov 15	Franked	\$ 2.4497	12.1
Total dividends paid				70.6

SUBSEQUENT EVENT

Current period interim dividend on ordinary shares proposed but not provided

Ordinary shares

Interim dividend in respect of 2017 year	13 Apr 17	Franked	\$ 0.20	56.2
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The current TELYS4 Dividend Rate for the period 30 November 2016 to 30 May 2017 is 4.7320 per cent per annum, fully franked.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

15. EVENTS SUBSEQUENT TO BALANCE DATE

Other than as outlined below, there has not arisen in the interval between 31 December 2016 and the date of this Report any event that would have had a material effect on the Consolidated Interim Financial Report as at 31 December 2016.

On 10 February 2017, a wholly-owned Group subsidiary was successful in receiving judgement from the High Court of Australia regarding an outstanding matter with the Australian Taxation Office. The Group has accordingly recognised estimated amounts receivable under the judgement of \$6.8 million (\$2.1 million for legal settlement and \$4.7 million interest receivable) in its consolidated profit or loss for the half-year ended 31 December 2016.

On 20 February 2017, the carrying value of the Group's equity accounted investment in Seven West Media decreased \$52.6 million to \$445.5 million due to the fall in its share price from \$0.805 at 31 December 2016 to \$0.72 at 20 February 2017.

16. RELATED PARTY TRANSACTIONS

Arrangements with related parties continue to be in place. For details of these arrangements refer to the Remuneration Report and Note 32 of the 2016 Annual Report. There have been a number of substantial related party transactions during the period.

Lease of premises

The WesTrac Group leases a number of properties from related parties, the material terms of which were set out in page 406 of Part B of the merger scheme documentation. During the period, a number of these properties were sold by the related party to arm's length purchasers. New lease terms have been entered into by the Group with the new owner.

The Group consented to waive its first and last right over a number of these related party properties. In return, the Group received consideration for the estimated market value of \$4.8 million which was provided via future rent reductions and waiving of makegood obligations on the rental properties. The key lease amendments with the arm's length party are outlined below.

- Tomago - reduction in passing rent of approximately \$3.0 million, lease duration extended by ten years to 2034 and 50 basis point reduction in the minimum annual rent review.
- South Guildford - reduction in passing rent of \$1.9 million, lease duration extended by seven years to 2028 and a new cap and collar on market rent review at the end of year 12, along with one additional five year extension option.
- Welshpool and Kewdale - no change in arrangements with the new property owner.
- Parramatta - early termination of lease in February 2018 with rent reduction over the remaining lease term and no makegood obligation on exiting the property.

Other transactions

During the period, a related party transacted with the Group to acquire used heavy equipment on an arm's length basis.

Directors' Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

The Directors of Seven Group Holdings Limited (the Company) are pleased to present their report together with the consolidated financial statements, comprising the Company and its subsidiaries (the Group), for the half-year ended 31 December 2016 and the review report thereon.

DIRECTORS

The Directors of Seven Group Holdings Limited at any time during or since the end of the half-year are:

NAME	PERIOD OF DIRECTORSHIP
EXECUTIVE	
Kerry Matthew Stokes AC (Executive Chairman)	Director and Executive Chairman since April 2010
Ryan Kerry Stokes (Managing Director & Chief Executive Officer)	Director since February 2010 and Managing Director & Chief Executive Officer since July 2015
Bruce Ian McWilliam (Commercial Director)	Director since April 2010
NON-EXECUTIVE	
Annabelle Chaplain	Director since November 2015
Terry James Davis	Director since June 2010
Christopher John Mackay	Director since June 2010
David Ian McEvoy	Director since May 2015
Warwick Leslie Smith AM	Director since September 2014
Richard Anders Uechtritz	Director since June 2010
Murray Charles Wells	Director since April 2010, retired November 2016

REVIEW OF RESULTS AND OPERATIONS

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

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 26 and forms part of the Directors' Report for the half-year ended 31 December 2016.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the half-year Financial Report are rounded off to the nearest whole number of million of dollars and one place of decimals representing hundreds of thousands of dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors



KM Stokes AC
Executive Chairman

Sydney, 21 February 2017

The Board of Directors
Seven Group Holdings Limited
38-42 Pirrama Road
Pyrmont NSW 2009

21 February 2017

Dear Board Members

Seven Group Holdings Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Seven Group Holdings Limited.

As lead audit partner for the review of the financial statements of Seven Group Holdings Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

J L Gorton

J L Gorton
Partner
Chartered Accountants

Directors' Declaration

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

In the opinion of the Directors of Seven Group Holdings Limited (the Company):

1. the consolidated financial statements and notes set out on pages 3 to 24 are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
 - (b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



KM Stokes AC
Executive Chairman

Sydney, 21 February 2017

Independent Auditor's Review Report to the Members of Seven Group Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Seven Group Holdings Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, selected explanatory notes, and the directors' declaration. The consolidated Group comprises the Company (Seven Group Holdings Limited) and the companies it controlled at the half-year's end or from time to time during the financial period.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 consolidated Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Seven Group Holdings 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of Seven Group Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Seven Group Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

J L Gorton

J L Gorton
Partner
Chartered Accountants
Sydney, 21 February 2017