

TEN NETWORK HOLDINGS LIMITED

ABN 14 081 327 068

Appendix 4D

Half Yearly Report

Half Year ended: 28 February 2013
Previous corresponding period: 29 February 2012

Results for Announcement to the Market				
				\$'000
Revenue from continuing operations	down	15.6%	to	301,973
Revenue from discontinued operations	down	52.7%	to	34,879
Revenue from ordinary activities	down	21.9%	to	336,852
Loss for the period from ordinary activities attributable to members	down		to	(243,341)
Loss for the period attributable to members	down		to	(243,341)
No dividends/distributions were declared or paid to the members of Ten No to the half year ended 28 February 2013.	etwork Hold	ings Limited	during or	subsequent

No interim dividend will be paid for the half year ending 28 February 2013.

The 2013 result included non-recurring costs of \$304.0m (\$244.8m after tax) as disclosed in Note 2.

	Half year 28 February 2013	Half year 29 February 2012
Net tangible asset backing per ordinary share	\$0.05	(\$0.38)
Net asset backing per ordinary share	\$0.36	\$0.73

Refer to attached Media Release for discussion of results.

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report of Ten Network Holdings Limited ("the Company") and its controlled entities for the half-year ended 28 February 2013.

Directors

The Directors who have been in office during the half-year and since the half-year end are:

Mr LK Murdoch (Non-Executive Chairman)

Mr BJ Long (Deputy Chairman and alternate Mr DL Gordon)

Mr JJ Cowin (Alternate Mr PV Gleeson)

Mr PV Gleeson (Alternate Mr JJ Cowin)

Ms CW Holgate (Alternate Mr DL Gordon)

Mr DL Gordon

Mr DD Hawkins (Alternate Mr DL Gordon)

Mr PR Mallam

Ms GH Rinehart (Alternate Mr J Cowin & Ms C Edwardes A)

Ms SL McKenna

Mr JR Warburton B

Mr H McLennan C

- A: Resigned as Alternate Director effective 10 September 2012.
- B: Mr JR Warburton was a Managing Director from the beginning of the financial year until his termination on 21 February 2013.
- c: Mr H McLennan was appointed as a Managing Director on 8 April 2013.

Results

The consolidated (loss) / profit after income tax for the half-year ended 28 February 2013 comprises:

	28 February 2013 \$'000	29 February 2012 \$'000
Earnings before non-recurring items, interest, tax, depreciation and amortisation	34,920	56,800
Depreciation	(7,773)	(9,400)
Earnings before interest and tax	27,147	47,400
Non-recurring expense items (Refer Note 2)	(303,995)	-
Net interest expense	(11,377)	(18,321)
(Loss) / Profit before income tax	(288,225)	29,079
Income tax (expense) / income		
Normal	(5,435)	(10,718)
Non-recurring tax items (Refer Note 2)	<u>59,193</u>	
(Loss) / Profit from continuing operations	(234,467)	18,361
(Loss) / Profit from discontinued operations	(5,308)	1,738
(Loss) / Profit for the period	(239,774)	20,099
Profit attributable to non-controlling interests	3,566	5,289
(Loss) / Profit attributable to members of Ten Network Holdings Limited	(243,341)	<u>14,810</u>

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT

Review of Operations

A summation of the operations for the period is attached in the commentary prefacing this financial report.

Auditors Independence Declaration

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A copy of the Auditors Independence Declaration as required under s307 of the *Corporation Act 2001* is set out on page 4.

Rounding of amounts

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

Signed at Sydney on 9 April 2013 in accordance with a resolution of the Directors.

LK Murdoch Chairman



Auditor's Independence Declaration

As lead auditor for the review of Ten Network Holdings Limited for the half-year ended 28 February 2013, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ten Network Holdings Limited and the entities it controlled during the period.

SG Horlin

Partner

PricewaterhouseCoopers

S. Hort

Sydney 9 April 2013



Consolidated statement of comprehensive income

·	Halfwaar	Half year
	Half year 28 February	Half year 29 February
	2013	2012
	\$'000	\$'000
Revenue from continuing operations	301,973	357,593
Other income	5,623	1,227
Total Revenue	307,596	358,820
Television costs	(274,771)	(306,947)
Finance costs ^C	(16,114)	(18,918)
Restructuring costs D	(11,873)	-
Impairment of intangible assets ^D	(292,122)	-
Share of associates and joint ventures accounted for using the equity method ^E	(941)	(3,876)
(Loss) / Profit before income tax	(288,225)	29,079
Income tax benefit / (expense)	53,758	(10,718)
(Loss) / Profit from continuing operations	(234,467)	18,361
(Loss) / Profit from discontinued operations D	(5,308)	1,738
(Loss) / Profit from ordinary activities after income tax	(239,775)	20,099
Profit attributable to non-controlling interests	3,566	5,289
(Loss) / Profit attributable to members of Ten Network Holdings Limited	(243,341)	14,810
/I and / Duelit from audinous activities often in come tou	(220.775)	20.000
(Loss) / Profit from ordinary activities after income tax	(239,775)	20,099
Other comprehensive income	4.550	4 4 4 4
AASB139 hedge reserves	1,556	1,141
Exchange differences on translation of foreign operations	388	(194)
Total comprehensive (loss) / income for the half-year after income tax	(237,831)	21,046
Total comprehensive income attributable to non-controlling interests	-	-
Total comprehensive (loss) / income attributable to members of Ten		
Network Holdings Limited	(237,831)	21,046
Continuing Operations	(232,911)	19,502
Discontinued Operations	(4,920)	1,544

c: Finance costs for 2013 include a \$1.6m (\$1.1m after tax) (2012: \$1.9m (\$1.3m after tax)) notional non-cash interest charge in relation to the unwinding of the provision for onerous contracts.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

^D: The half-year result for 2013 included non-recurring impairment and restructure costs in the television business. A net loss on sale of Out-of-Home investments has been included within the Loss from discontinued operations. See Note 2 for further information regarding the non-recurring items and discontinued operations.

E: Relates to the Company's 50% investment in OurDeal Pty Limited and 16.4% investment in zeebox Australia Pty Limited.



Consolidated balance sheet

	28 February	31 August	29 February
	2013	2012	2012
	\$'000	\$'000	\$'000
Current Assets			
Cash and cash equivalents F	146,683	93,297	7,265
Receivables	87,867	113,349	121,133
Program rights & inventories	195,357	149,021	182,905
Current tax assets	-	7,522	7,234
Other	11,551	3,192	10,237
Assets classified as held for sale G	20,092	159,389	· -
Total Current Assets	461,550	525,770	328,774
Non-Current Assets			
Program rights & inventories	31,900	3,203	7,087
Other financial assets	5,600	4,882	9,167
Property, plant and equipment	56,436	62,065	84,010
Intangible assets	785,700	1,077,822	1,170,652
Deferred tax assets	30,131	-	7,992
Other	581	335	833
Total Non-Current Assets	910,348	1,148,307	1,279,741
Total Assets	1,371,898	1,674,077	1,608,515
Current Liabilities	1,011,000	1,01 1,011	1,000,010
Payables	136,556	137,613	197,972
Borrowings H	150,550	123,261	131,312
Derivative financial instruments H	662	91,206	320
Provisions	38,357	42,646	45,548
Liabilities directly associated with assets classified as held for	30,337	42,040	45,540
Sale G	3,481	47,975	_
Total Current Liabilities	179,056	442,701	243,840
Non-Current Liabilities		·	·
Payables	32,459	17,791	22,583
Borrowings H	150,000	150,000	320,332
Derivative financial instruments	7,653	6,042	97,213
Deferred tax liabilities	43,751	70,926	89,639
Provisions	33,378	44,827	64,272
Total Non-Current Liabilities	267,241	289,586	594,039
Total Liabilities	446,297	732,287	837,879
Net Assets	925,601	941,790	770,636
	923,001	941,790	770,030
Equity	0.704.404	0.555.507	0.050.077
Contributed equity ^F	2,781,401	2,555,527	2,358,077
Reserves	(1,199,454)	(1,205,782)	(1,203,854)
Accumulated losses	(659,912)	(416,571)	(388,890)
Total parent entity interest	922,035	933,174	765,333
Non-controlling interest	3,566	8,616	5,303
Total Equity	925,601	941,790	770,636

F-I: Refer to following page for commentary.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.



Consolidated balance sheet – Commentary

- F: Cash and contributed equity have increased as a result of an equity raising undertaken during the half year period ended 28 February 2013. The gross proceeds of \$230.0m were offset by ancillary costs to the raising and the net of these amounts has been recognised in contributed equity. Most of the funds were used to repay the USD \$125m Private Placement loan (swapped into A\$210m) on 25 February 2013. The balance was used to fund further restructuring costs and as working capital for general purposes. Additional details are contained in Note 3.
- G: These relate to Out-of-Home assets and liabilities that are considered to be held for sale. As at 28 February 2013, the balances relate to US operations. The ANZ and UK Out-of-Home operations were sold during the half year to February 2013. Additional details are contained in Notes 2 and 4.
- H: The total drawn debt the end of the period was \$150m. This is comprised of Non-Current Borrowings relating to the AUD \$150m Private Placement Loan which matures in December 2015. The USD \$125m Private Placement loan (reflected as part of Current Borrowings and Derivative financial instruments at August 2012) was repaid on 25 February 2013.

During the half year period to 28 February 2013, Ten Network Holdings Limited established a new A\$80m Revolving Cash Advance Facility with CBA, maturing November 2015. This new facility replaced the previous A\$350m Syndicated Revolving Cash Advance Facility. The facility was undrawn at 28 February 2013.

There were no breaches of covenants in relation to debt facilities during the reporting period and to the date of this report.

1: Additional details are contained in Note 2.



Consolidated statement of changes in equity

Consolidated statement of changes in equity							
	Contributed Equity	Reserves	Equity Reserve	Accumulated Losses	Total	Non- Controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 September 2012	2,555,527	(1,207,622)	1,840	(416,571)	933,174	8,616	941,790
Profit/(Loss) for the half-year Other comprehensive	-	-	-	(243,341)	(243,341)	3,566	(239,775)
income/(loss)	-	1,944	-	-	1,944	-	1,944
Total comprehensive income for the half-year	-	1,944	-	(243,341)	(241,397)	3,566	(237,831)
Reversal of foreign currency translation reserves on disposal of offshore operations	-	5,330			5,330	-	5,330
Transactions with owners in their capacity as owners Contributions of equity net of	225,262				225,262		225,262
transaction costs Issue of shares held by Employee Share Trust	612	(612)	-	-	-	-	-
Employee share plan expense Dividends Paid	-	(334)	-	-	(334)	- (8,616)	(334) (8,616)
Balance at 28 February 2013	2,781,401	(1,201,294)	1,840	(659,912)	922,035	3,566	925,601
Balance at 1 September 2011	2,356,548	(1,205,205)	1,840	(348,825)	804,358	3,480	807,838
Profit for the half-year	-	-	-	14,810	14,810	5,289	20,099
Other comprehensive income	-	937	-	-	937	10	947
Total comprehensive income for the half-year	-	937	-	14,810	15,747	5,299	21,046
Transactions with owners in their capacity as owners							
Issue of shares held by Employee Share Trust	1,529	(1,985)	-	-	(456)	-	(456)
Employee share plan expense	-	559	-	-	559	-	559
Dividends Paid	-	-	-	(54,875)	(54,875)	(3,476)	(58,351)
Balance at 29 February 2012	2,358,077	(1,205,694)	1,840	(388,890)	765,333	5,303	770,636

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



Consolidated cash flow statement

	Notes	28 February 2013	29 February 2012
	_	\$'000	\$'000
Cash and cash equivalents			
Cash on hand		85	98
Cash at bank		146,598	7,167
At end of period		146,683	7,265
At beginning of period		93,297	19,069
Cash held by discontinued operation at end of period	4	2,051	-
Cash held by discontinued operation at beginning of period	4	3,640	-
Effects of exchange rate changes on cash and its equivalents		(45)	205
Net cash inflows / (outflows) for the period		51,752	(11,599)
Represented by:			
Cash Flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		401,461	540,742
Payments to suppliers and employees (inclusive of goods and services tax)		(436,369)	(420,114)
Interest received		4,238	633
Bank interest paid		(12,873)	(15,141)
Treasury costs paid		(2,022)	(1,734)
Net income tax received/(paid)		(, ,	, ,
Prior year refunds received		23,982	
Current year payments		(17,089)	(20,664)
Net cash flows from operating activities	•	(38,672)	83,722
Cash Flows from investment activities			
Acquisition of property, plant and equipment		(5,843)	(11,781)
Proceeds on disposal of property, plant and equipment		364	121
Dividends Received		670	630
Proceeds from sale of investment		92,040	1,410
Payments for investments	4	(720)	(2,000)
Net cash flows from investment activities	•	86,511	(11,620)
Cash Flows from financing activities			
Net proceeds from issue of shares	3	223,253	
Dividend paid	7	(8,616)	(58,351)
Refinancing costs		(640)	-
Proceeds from borrowings		-	250,000
Repayment of borrowings	3	(210,084)	(275,350)
Net cash flows from financing activities	•	3,913	(83,701)
Net cash inflows / (outflows) for the period		51,752	(11,599)

The consolidated cash flow statement includes both continuing and discontinued operations and should be read in conjunction with the accompanying notes.



Notes to the consolidated financial statements

Note 1: Basis of Preparation of the Half Yearly Report

This general purpose Half Yearly Report for the reporting period ended 28 February 2013 has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards *AASB 134 Interim Financial Reporting*, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

This Half Yearly Report does not include all the notes of the type normally included within the Annual Financial Report. Accordingly, this Report should be read in conjunction with the Annual Financial Report as at 31 August 2012 and any public announcements made by Ten Network Holdings Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value though profit or loss.

The accounting policies adopted in the preparation of this Half Yearly Report are consistent with those applied and disclosed in the 31 August 2012 Annual Financial Report.

The statement of comprehensive income and segment note for the prior period have been restated to reflect that Eye Corp Pty Limited (ANZ, UK and US operations) are now classified as discontinued operations.

Additionally, certain balance sheet items in prior periods have been restated to ensure consistent disclosure across the years reported. Such restatements are not considered material and do not affect the balance of net assets reported.

New Accounting Standards and Interpretations issued but not yet applied:

The Company has not elected to apply any pronouncements before their operative date in the period ended 28 February 2013.

Note 2: Underlying Results

In line with Finsia (Financial Services Institute of Australasia) and the AICD (Australian Institute of Company Directors) underlying profit/(loss) reporting principles, the following table reconciles 2013 underlying net profit for the period to reported net loss. There was no difference between reported and underlying net profit for the 2012 result.

	Half year to 28 February 2013		
	Gross \$'000	Tax \$'000	Net \$'000
Reporting Net Loss after income tax attributable to members			(243,341)
Television			
Restructuring expense	11,873	(3,144)	8,729
Impairment of intangible assets	292,122	(56,049)	236,073
Total Non-Recurring Items - Television	303,995	(59,193)	244,802
Discontinued Operations			
Trading loss	1,933	(136)	1,797
Restructuring expense	118	(35)	83
Sale of investments	5,089	(1,661)	3,428
Total Discontinued Operations	7,140	(1,832)	5,308
Total non-recurring items and discontinued operations	311,135	(61,025)	250,110
Underlying profit attributable to members			6,769

The non-recurring items in Television relate to impairment of television licences, redundancy costs arising from a news and operations restructure and termination payments made to senior executives.

Ten Network Holdings Limited Half Yearly Report 28 February 2013



Discontinued operations includes the loss on disposal and trading losses up to the date of disposal for Eye Corp's Australian, New Zealand, Indonesian and UK businesses. Also included are trading losses and restructuring costs for Eye Corp's US business incurred during the half. Please refer to Note 4 for additional information.

Television Non-Recurring Items

Impairment Tests for Television Licences

Television licences are not amortised as the Directors believe that the television licences do not have a limited useful life. Instead, television licences are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

In the period ended 28 February 2013 an impairment loss of \$292.1m was recorded. The television licence impairment charge reflects that the free-to-air television advertising market is at a low point of its growth cycle, and that the Company is at a low point in the cycle of its share of that advertising market. The estimated recoverable amount of the Television CGU, based on value-in-use, equals its carrying amount.

Television licences are allocated to cash-generating units (CGUs) identified according to reporting segments.

Television licences allocation is as below:

Television Licences	Television CGU \$'000
2013	785,700
2012	1,077,822

The recoverable amount of a CGU is determined based on value-in-use calculations. The following describes each key assumption in performing these calculations:

Cash flow forecasts and growth rates

Cash flow forecasts are based on the following assumptions:

- Five year forecast based on latest forecasts having regard to management's expectations for future performance.
- Revenue growth rates used over the five year forecast vary from year to year and average at an annual revenue growth rate of 8.3% (2012: 6.6%) over this period. Revenue growth is a combination of both market growth and market share.
- The terminal value is based on the Gordon's Growth Model using a 3% (2012: 3%) growth rate, which approximates long term CPI growth.

Discount rates

Pre tax discount rate of 13.8% (2012: 14.3%) is the weighted average cost of capital for the consolidated entity and risk adjusted.

Impact of Possible Changes in Key Assumptions

A change in any of the key assumptions including growth rates or the WACC could cause a change in the carrying value of the television licences.

In the event there are any adverse changes in key assumptions, management is able to review costs to reduce the effects of the changes on the recoverable amount.

Discontinued Operations Non-Recurring Items

Loss on Sale of Investments

A \$5.1m loss on sale of investments was recognised, comprising a \$7.5m loss on sale of the Eye Corp ANZ business, offset by a \$2.4m profit on sale of the Eye Corp UK business. The net \$5.1m loss on sale of the ANZ and UK businesses predominantly arises from the foreign currency translation reserves in those businesses which are required to be recycled in



the income statement at the time of their disposal. This is a non-cash loss on sale. The net proceeds on sale of the investments approximated the net assets of the investments sold. Additional details are contained in Note 4.

Note 3: Equity Raising

On 6 December 2012, Ten Network Holdings Limited announced an underwritten 4-for-5 accelerated non-renounceable entitlement offer of new shares at an offer price of \$0.20 per share. This offer comprised an institutional and retail component. On 18 December 2012, the institutional component was completed, which involved the placement of 875.1 million shares with gross proceeds of \$175.0m. The retail component was completed on 29 January 2013 which involved the placement of 274.6 million shares with gross proceeds of \$54.9m.

The gross proceeds of \$230.0m were offset by ancillary costs to the raising and the net of these amounts has been recognised in contributed equity. Most of the funds were used to repay the USD \$125m Private Placement loan (swapped into A\$210m) on 25 February 2013. The balance was used to fund further restructuring costs and as working capital for general purposes.

Note 4: Discontinued Operations

Disposal of Investments

On 1 November 2012, Ten Network Holdings Limited completed the sale of Eye Corp Pty Limited to Outdoor Media Operations Pty Limited ("OMO").

On 22 February 2013, Ten Network Holdings Limited completed the on-sale of the Eye Corp UK operations in the United Kingdom to Airport Partners.

Details of these disposals are set out below.

(i) Sale of Eye Corp Pty Limited to OMO

	Half year 28 February 2013 \$'000
Consideration received or receivable: Cash Fair value of contingent consideration Transaction costs	104,732 12,349 (6,413)
Total disposal consideration	110,668
Carrying amount of net assets sold Foreign currency translation reserve	110,188 7,962 118,150
(Loss) on sale before income tax	(7,482)
Income tax benefit (Loss) on sale after income tax	1,662 (5,820)



	The carrying amounts of assets and liabilities as at the date of sale were:	
		28 February
		2013
		\$'000
	Cash	1,430
	Receivables	17,695
	Property, Plant & Equipment	23,505
	Intangibles	79,553
	Deferred tax assets	2,096
	Other	6,352
	Total assets	130,631
	Trade creditors & accruals	10,501
	Provisions	8,825
	Other	1,117
	Total liabilities	20,443
	i otal napinties	20,443
	Net assets	110,188
(ii)	On-sale of Eye Corp UK Operations to Airport Partners	
		Half year
		28 February
		2013
		\$'000
		Ψ 000
	Consideration paid or payable:	(5.042)
	Cash outflow	(5,813)
	Transaction costs	(468)
	Total disposal consideration	(6,281)
	Carrying amount of net assets sold	(6,049)
	Foreign currency translation reserve	(2,623)
	Totalight duritation (activation rood) vo	(8,672)
		(0,072)
	Profit on sale before income tax	2,391
	Income tax expense	_
	Profit on sale after income tax	2,391
	The carrying amounts of assets and liabilities as at the date of sale were:	28 February
		2013
		\$'000
	Cash	1,768
	Receivables	2,911
	Other	636
	Total assets	5,315
	Trade creditors & accruals	3,650
	Provisions	7,714
	Total liabilities	11,364
	Net (liabilities)	(C 040)
	net (navinties)	(6,049)



Loss Attributable to Discontinued Operations

Included in the Loss from discontinued operations are the following items:

	Half year	Half year
	28 February	29 February
	2013	2012
	\$'000	\$'000
Trading (loss) / profit	(1,933)	2,282
Non-recurring items	(5,207)	-
Tax benefit / (expense)	1,832	(544)
Total (loss) / profit from discontinued operations	(5,308)	1,738

Cash flows Attributable to Discontinued Operations

Cash flows attributable to discontinued operations include:

Net cash flows from operations		
Net cash flows from investment activities		
Net cash flows from financing activities		
Net cash (outflows) for the period		

Half year	Half year
28 February	29 February
2013	2012
\$'000	\$'000
1,600	-
(3,234)	-
-	-
(1,634)	-

Note 5: Revenues and Expenses

5.1 Revenues from ordinary activities
Sales revenue
Other revenue
 Interest income
 Dividend income

Foreign exchange income Total revenues from ordinary activities

5.2 Expenses from ordinary activities

Details of relevant expenses

Television activities

Non-Recurring Expense items (Refer Note 2)

Television

- Restructuring expense
- Impairment of intangible assets

Discontinued operations

Sale of investments

Total expenses from ordinary activities

29 February 2012 \$'000	28 February 2013 \$'000
357,593	301,973
597 630 -	4,737 670 216
358,820	307,596
(306,947)	(274,772)
- -	(11,873) (292,122)
-	(5,091)
(306,947)	(583,858)



(10,718)

59,193

53,758

Note 6: Reconciliation of Income Tax Expense		
·	28 February	29 February
	2013	2012
	\$'000	\$'000
(Loss) / profit before income tax	(288,225)	29,079
Tax at the Australian tax rate of 30% (2012: 30%)	86,467	(8,723)
Deferred tax asset not recognised on Television licence impairment	(31,588)	-
Share of net loss of equity accounted investments	(282)	(152)
Non-assessable / (non-deductible items)	(252)	(1,465)
Prior period adjustments	(160)	-
Other changes in recognition of deferred tax assets and liabilities	(427)	(378)
Income tax benefit / (expense)	53,758	(10,718)
Effective tax rate	18.7%	36.9%
Tax benefit / (expense) attributable to:		
Normal operations	(5,435)	(10,718)

Recoverability of a deferred tax asset arising on the television licences intangible asset is not considered to be probable, as its realisation would require sale of the licence, and an associated capital gain against which to offset the capital loss that the deferred tax asset represents. As such, a \$31.5m deferred tax asset has not been recorded in the balance sheet, and at half year end there are no remaining deferred tax balances recorded in relation to the television licence.

Note 7: Dividends

Non-recurring items

Total income tax benefit / (expense)

No dividends/distributions were declared or paid to the members of Ten Network Holdings Limited during or subsequent to the half year ended 28 February 2013.

A dividend of \$8.6m was paid to CBS Studios Inc on 10 December 2012, which represents their share of ElevenCo Pty Limited's 2012 net profit.

Note 8: Earnings per share

o. =90 ho. o		
	Half year 28 February 2013	Half year 29 February 2012
ted		
Basic EPS (Refer Note (i) below)	(13.30) cents	1.42 cents
Diluted EPS (Refer Note (ii) below) K	(13.30) cents	1.42 cents
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	1,830,254,601	1,043,794,577
lying		
Basic EPS (Refer Note (i) below) ^J	0.27 cents	1.42 cents
Diluted EPS (Refer Note (ii) below) K	0.27 cents	1.42 cents
	rted Basic EPS (Refer Note (i) below) Diluted EPS (Refer Note (ii) below) ^K Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS rlying Basic EPS (Refer Note (i) below) ^J	Half year 28 February 2013 rted Basic EPS (Refer Note (i) below) (13.30) cents Diluted EPS (Refer Note (ii) below) K (13.30) cents Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS (1,830,254,601) rlying Basic EPS (Refer Note (i) below) J 0.27 cents

J: Excludes the non-recurring items discussed in Note 2.

K: The number of shares used in calculating diluted EPS includes the potential impact of treasury shares (which represent awards to certain senior executives under the Ten Deferred Incentive Plan and are disclosed as an offset in contributed equity in the balance sheet). Performance rights are not considered to be dilutive based on the assumption that associated shares will be purchased on-market.



i) Basic Earnings per Share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of Ten Network Holdings Limited.
- by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

ii) Diluted Earnings per Share

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

- The after income 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 dilutive potential ordinary shares.

Note 9: Net tangible assets per share

	Half year 28 February 2013	Half year 29 February 2012
Net tangible asset backing per ordinary share	\$0.05	(\$0.38)
Net asset backing per ordinary share	\$0.36	\$0.73

Note 10: Changes in the Composition of the Consolidated Entity

On 1 November 2012, Ten Network Holdings Limited completed the sale of Eye Corp Pty Limited to Outdoor Media Operations Pty Limited ("OMO").

On 22 February 2013, Ten Network Holdings Limited completed the on-sale of the Eye operations in the United Kingdom to Airport Partners.

Other than these, there were no material changes in the composition of the Consolidated Entity in the half year to 28 February 2013.



Note 11: Segment Note

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions. The 2012 half year comparative have been adjusted to reflect the sale of Eye Corp and the subsequent removal of the Out-of-Home segment. The Chief Executive Officer assesses the performance of the operating segments based on Adjusted EBITDA.

Half year to 28 February 2013	Television \$'000	Eliminations/ Corporate \$'000	Consolidated \$'000
Revenue			
Sales to external customers	301,973	-	301,973
Other revenue	5,623	-	5,623
Total revenue	307,596	-	307,596
Segment Result			
Adjusted EBITDA L	34,920	-	34,920
Depreciation	(7,773)	-	(7,773)
Adjusted EBIT L	27,147	-	27,147
Non-recurring expense items (Refer Note 2)			(303,995)
Finance costs			(16,114)
Interest revenue			4,737
Loss before tax			(288,225)
Income tax (expense) / income			
Normal			(5,435)
Non-recurring tax items (Refer Note 2)			59,193
Loss from continuing operations			(234,467)

L: Before non-recurring items. Out-of-Home Adjusted EBITDA is \$1.3m for the half year ended 28 February 2013. Therefore consolidated Adjusted EBITDA is \$36.2m. The Out-of-Home result is included within the loss from discontinued operations line in the statement of comprehensive income. The result reflects operations of Eye Corp Australia, New Zealand and Indonesia until 31 October 2012, and Eye Corp US and UK operations for the full period.



Note 11: Segment Note (continued)

Half year to 28 February 2012	Television \$'000	Eliminations/ Unallocated \$'000	Consolidated \$'000
Revenue			
Sales to external customers	357,593	-	357,593
Inter-segment sales M	83	(83)	-
Total sales revenue	357,676	(83)	357,593
Other revenue	1,227	-	1,227
Total revenue	358,903	(83)	358,820
Segment Result			
EBITDA N	56,800	-	56,800
Depreciation	(9,400)	-	(9,400)
EBIT	47,400	-	47,400
Finance costs			(18,918)
Interest revenue			597
Profit before tax			29,079
Income tax (expense)/ benefit			
Normal			(10,718)
Net profit after tax			18,361

M: This relates to inter-segment transactions with Out-of-Home.

Note 12: Subsequent Events

There have been no events that have occurred subsequent to 28 February 2013 and up to the date of this report that have had a material impact on the Ten Network Holding Limited's financial performance or position.

Commentary on results

Refer to attached Media Release.

N: Out-of-Home EBITDA is \$7.1m for the half year ended 28 February 2012. Therefore consolidated EBITDA is \$63.9m. The Out-of-Home result is included within the profit from discontinued operations line in the statement of comprehensive income.

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES DIRECTORS DECLARATION

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 5 to 18 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporate Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 28 February 2013 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) There are reasonable grounds to believe that Ten Network Holdings Limited will be able to pay its debts as and when they become due and payable.

Signed at Sydney on 9 April 2013 in accordance with a resolution of the Directors

LK Murdoch Chairman



Independent auditor's review report to the members of Ten Network Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ten Network Holdings Limited, which comprises the balance sheet as at 28 February 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Ten Network Holdings Limited (the consolidated entity). The consolidated entity comprises both Ten Network Holdings Limited (the company) and the entities it controlled during that half-year.

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 (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

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 financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 28 February 2013 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 Ten Network 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.

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the halfyear financial report of Ten Network Holdings Limited is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 28 February 2013 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

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the Company for the half-year ended 28 February 2013 included on Ten Network Holdings Limited web site. The company's directors are responsible for the integrity of the Ten Network Holdings Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

PricewaterhouseCoopers

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9 April 2013