TEN NETWORK HOLDINGS LIMITED

ABN 14 081 327 068

Appendix 4E

Preliminary Final Report

Year ended: 31 August 2013

Previous corresponding period: 31 August 2012

Results for Announcement to the Market

				$'000
Revenue from continuing operations	down	13.0%	to	653,893
Revenue from discontinued operations	down	82.2%	to	19,501
Revenue from ordinary activities	down	21.9%	to	673,394
Loss for the period from ordinary activities attributable to members				(284,993)
Loss for the period attributable to members				(284,993)

No dividend was paid in 2013.

The 2013 result included non-recurring costs of $342.2m ($280.0m after tax) as disclosed in Note 3.

The 2012 result included non-recurring costs of $20.5m ($19.6m after tax) as disclosed in Note 3.

	31 August 2013 $'000	31 August 2012 $'000
Net tangible asset backing per ordinary share	$0.04	($0.15)
Net asset backing per ordinary share	$0.34	$0.66

Refer to attached Media Release for discussion of results.

Consolidated statement of comprehensive income

	31 August 2013 $'000	31 August 2012 $'000
Revenue from continuing operations	653,893	751,894
Other income	7,009	2,253
Total Revenue	660,902	754,147
Television costs	(599,232)	(658,537)
Out-of-home costs	(30,309)	(25,703)
Finance costs [A]	(22,308)	(38,082)
Impairment of intangible assets [B]	(292,122)	-
Restructuring costs [B]	(14,410)	(3,585)
Impairment of fixed assets [B]	(9,442)	-
Provision of onerous contracts [B]	(20,268)	-
Write-down of investments [B]	-	(7,843)
Share of net (loss) of joint ventures accounted for using the equity method	(1,474)	(5,172)
(Loss) / Profit before income tax	(328,663)	15,225
Income tax benefit / (expense) [B]	54,640	(10,192)
(Loss) / Profit from continuing operations	(274,023)	5,033
(Loss) from discontinued operations [C]	(4,099)	(9,233)
Net (Loss) from ordinary activities after income tax	(278,122)	(4,200)
Net Profit attributable to non-controlling interests	6,871	8,671
Net (Loss) attributable to members of Ten Network Holdings Limited	(284,993)	(12,871)

Net (Loss) from ordinary activities after income tax	**(278,122)**	**(4,200)**
Other comprehensive income		
Items that may be reclassified to profit or loss		
AASB 139 hedge reserves	2,650	(748)
Exchange differences on translation of foreign operations	1,389	(418)
Total comprehensive loss after income tax	**(274,083)**	**(5,366)**
Total comprehensive income attributable to non-controlling interests	6,871	8,671
Total comprehensive loss attributable to members of Ten Network Holdings Limited	**(280,954)**	**(14,037)**
Continuing Operations	(276,855)	(4,330)
Discontinued Operations	(4,099)	(9,707)

[A]: Finance costs for 2013 include a $2.9m notional non-cash interest charge in relation to the unwinding of the provision for onerous contracts (2012: $5.2m).
[B]: In the year ended 31 August 2013, the Company had $336.2m (2012: $11.4m) of charges from continuing operations which are non-recurring and relate primarily to the impairment of intangible assets ($292.1m), provision of onerous contracts ($20.3m) impairment of fixed assets ($9.4m) and restructure costs in the television business. The income tax revenue associated with these costs was $60.4m.
[C]: 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 2012, Ten Network Holdings Limited completed the on-sale of the Eye Corp UK operations in the United Kingdom to Airport Partners. The loss from discontinued operations includes a non-recurring net loss on the sale ($5.1m).
See Note 3 for further information regarding the non-recurring items and discontinued operations.

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

Consolidated balance sheet

	31 August 2013 $'000	31 August 2012 $'000
Current Assets		
Cash and cash equivalents [F]	122,351	93,944
Receivables	129,290	115,984
Program rights & inventories	166,318	149,032
Current tax assets	2,233	7,483
Other	20,512	6,155
Assets classified as held for sale	-	140,783
Total Current Assets	**440,704**	**513,381**
Non-Current Assets		
Program rights & inventories	30,773	3,203
Other financial assets	6,994	4,882
Property, plant and equipment	54,238	70,120
Intangible assets [F]	785,701	1,079,787
Other	439	335
Total Non-Current Assets	**878,145**	**1,158,327**
Total Assets	**1,318,849**	**1,671,708**
Current Liabilities		
Payables	142,480	137,792
Borrowings [D]	150,000	123,261
Derivative financial instruments [D]	-	91,206
Provisions	44,148	43,041
Liabilities directly associated with assets classified as held for sale	-	43,847
Total Current Liabilities	**336,628**	**439,147**
Non-Current Liabilities		
Payables	43,832	17,791
Borrowings [D]	-	150,000
Derivative financial instruments [D]	6,676	6,042
Deferred tax liabilities	9,951	70,926
Provisions	35,949	46,012
Total Non-Current Liabilities	**96,408**	**290,771**
Total Liabilities	**433,036**	**729,918**
Net Assets	**885,813**	**941,790**
Equity		
Contributed equity [E]	2,781,103	2,555,527
Reserves	(1,197,031)	(1,205,782)
Accumulated losses	(701,564)	(416,571)
Total parent entity interest	882,508	933,174
Non-controlling interest	3,305	8,616
Total Equity	**885,813**	**941,790**

[D-F]: Refer to following page for commentary.

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

Consolidated balance sheet – Commentary

[D]: The total drawn debt at the end of the period was $150m, which represents Current Borrowings relating to the AUD $150m Private Placement Loan which matures in December 2015. This facility is planned to be repaid early, should the proposed refinancing as described in Note 2, be approved by the shareholders at the 2013 Annual General Meeting. 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. The remainder of the derivative financial instrument balance relates to the mark to market of the interest rate hedge derivatives.

During the year to 31 August 2013, Ten Network Holdings Limited established an A$80m Revolving Cash Advance Facility with Commonwealth Bank of Australia ("CBA"), maturing November 2015. This facility replaced the previous A$350m Syndicated Revolving Cash Advance Facility. The facility was undrawn at 31 August 2013.

A new 4 year A$200m Revolving Cash Advance Facility as described in note 2 has been established with CBA and is intended to replace the A$80m facility described above. This facility is subject to the approval of the shareholders at the Annual General Meeting.

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

[E]: Cash and contributed equity have increased as a result of an equity raising undertaken during the year. 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 4.

[F]: During the year ended 31 August 2013, an impairment loss of $292.1m was recorded. The television 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.

Consolidated statement of changes in equity

	Contributed Equity $'000	Equity Reserve $'000	Other Reserves $'000	Accumulated Losses $'000	Total $'000	Non-controlling Interest $'000	Total Equity $'000
Balance at 1 September 2012	2,555,527	1,840	(1,207,622)	(416,571)	933,174	8,616	941,790
(Loss)/ Profit for the year	-	-	-	(284,993)	(284,993)	6,871	(278,122)
Other comprehensive (loss)/ income	-	-	4,039	-	4,039	-	4,039
Total comprehensive (loss)/ income for the year	-	-	4,039	(284,993)	(280,954)	6,871	(274,083)
Reversal of foreign currency translation reserves on disposal of offshore operations	-	-	5,330	-	5,330	-	5,330
Contributions of equity net of transaction costs [G]	224,964	-	-	-	224,964	-	224,964
Issue of shares held by Employee Share Trust	612	-	(618)	-	(6)	-	(6)
Dividends paid	-	-	-	-	-	(12,182)	(12,182)
Balance at 31 August 2013	**2,781,103**	**1,840**	**(1,198,871)**	**(701,564)**	**882,508**	**3,305**	**885,813**
Balance at 1 September 2011	2,356,548	1,840	(1,205,199)	(345,349)	807,840	3,476	811,316
Profit for the year	-	-	-	(12,871)	(12,871)	8,671	(4,200)
Other comprehensive income	-	-	(1,113)	-	(1,113)	(55)	(1,168)
Total comprehensive income for the year	-	-	(1,113)	(12,871)	(13,984)	8,616	(5,368)
Contributions of equity net of transaction costs	197,171	-	-	-	197,171	-	197,171
Issue of shares held by Employee Share Trust	1,808	-	(2,374)	-	(566)	-	(566)
Employee share plan expense	-	-	1,064	-	1,064	-	1,064
Dividends paid	-	-	-	(58,351)	(58,351)	(3,476)	(61,827)
Balance at 31 August 2012	**2,555,527**	**1,840**	**(1,207,622)**	**(416,571)**	**933,174**	**8,616**	**941,790**

[G]: Ten Network Holdings Limited completed an equity raising, details of which are set out in Note 4. This balance also includes $2.1m of deferred tax benefit recognised directly into equity.

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

Consolidated cash flow statement

	31 August 2013 $'000	31 August 2012 $'000
Cash and cash equivalents		
Cash at hand	88	90
Cash at bank	122,263	93,854
At end of year	122,351	93,944
At beginning of year	93,944	19,069
Cash held by discontinued operation at end of period	-	2,993
Cash held by discontinued operation at beginning of period	2,993	-
Effects of exchange rate changes on cash and its equivalents	-	81
Net cash inflows for the year	**25,414**	**77,949**
Represented by:		
Cash Flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	723,211	993,851
Payments to suppliers and employees (inclusive of goods and services tax)	(767,291)	(888,779)
Interest received	6,062	1,218
Bank interest paid	(15,145)	(30,499)
Treasury costs paid	(2,604)	(3,392)
Net income tax received/(paid)		
Prior year refunds received	24,251	-
Current year payments	(22,699)	(30,609)
Net cash (outflows) / inflows from operating activities (refer Note 11)	(54,215)	41,790
Cash Flows from investment activities		
Acquisition of property, plant and equipment	(11,862)	(23,150)
Proceeds on disposal of property, plant and equipment	460	455
Dividends received	1,040	1,000
Proceeds from sale of investment (net of cash)	92,040	1,410
Payment for other investments	(1,970)	(5,855)
Net cash inflows / (outflows) from investment activities	79,708	(26,140)
Cash Flows from financing activities		
Net proceeds from issue of shares	222,826	196,000
Dividend paid	(12,181)	(58,351)
Proceeds from borrowings	-	415,000
Repayment of borrowings	(210,084)	(490,350)
Refinancing costs	(640)	-
Net cash (outflows) / inflows from financing activities	(79)	62,299
Net cash inflows for the year	**25,414**	**77,949**

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

Note 1: Basis of Preparation of the Preliminary Final Report

This general purpose Preliminary Final Report for the reporting year ended 31 August 2013 has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards (AASB), which include Australian equivalents to International Financial Reporting Standards (AIFRS).

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 through profit or loss.

The accounting policies adopted are consistent with those of the previous year.

Note 2: Critical Accounting Estimates and Assumptions

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

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

Proposed Refinancing Package Requiring Shareholder Approval

The consolidated entity is currently operating under financial banking covenants attached to the existing $150m Senior Unsecured Notes and the $80m Revolving Cash Advance Facility. As a result of the consolidated entity's operating performance and continued market volatility, it is managing costs and undertaking other initiatives to remain within these covenants. The consolidated entity complied with all of its financial banking covenants for the 2013 financial year.

The consolidated entity has entered into a new refinancing package ("Refinancing Package") that if approved, will provide access to necessary funds for investment in key programming initiatives, and relieve the consolidated entity from operating under financial banking covenants for a period of up to four years.

The Refinancing Package comprises a $200m Revolving Cash Advance Facility ("Facility") with the Commonwealth Bank of Australia and is guaranteed by three major shareholders, Mr L Murdoch, Mr J Packer, Mr B Gordon and their related entities ("Shareholder Guarantors").

Key features of the proposed Refinancing Package are:

- 4 year $200m Revolving Cash Advance Facility with the Commonwealth Bank of Australia
- it is a covenant light facility with no financial covenants
- the Facility is guaranteed by Shareholder Guarantors
- the Shareholder Guarantors will be entitled to receive a fee at the end of the Guarantee Period (with the fee being convertible into shares at their election at that time) and will be fully secured against the assets of the consolidated entity under the Refinancing Package (Shareholder Guarantor Arrangements)
- the margin for the Refinancing Package, inclusive of the Shareholder Guarantors' fee, is fixed until 31 August 2015. The margin then reverts to a variable fee based on the debt to EBITDA ratio of the Company for the remaining term of the Facility. The margin for the Refinancing Package benchmarks favourably to alternative financing options available to the Company.
- a portion of the proceeds along with existing cash reserves will be used to repay the existing $150m Senior Unsecured Notes prior to maturity, at which time the undrawn $80m Revolving Cash Advance Facility will be extinguished. The remainder of the proceeds will be used for general working capital purposes.

Shareholder approval is required, and will be sought at the 2013 Annual General Meeting, in order for the Company to take up the Refinancing Package. Shareholder Guarantors and their associates will be excluded from voting.

In accordance with ASX listing rule 10.1, an Independent Expert has been engaged to provide a report on the Shareholder Guarantor Arrangements. An Explanatory Memorandum containing full details of the proposed Shareholder Guarantor Arrangements along with the Report of the Independent Expert will be provided to all shareholders with the Notice of Annual General Meeting.

The Financial Statements have been prepared on the basis that the Directors expect that the Refinancing Package will be approved by the shareholders at the 2013 Annual General Meeting.

Estimated Impairment of Intangible Assets With Indefinite Lives and Goodwill

The consolidated entity tests annually or when circumstances indicate impairment, whether indefinite lived intangibles and goodwill has suffered any impairment, in accordance with the accounting policy stated in the Company's Full Financial Report. The recoverable amount of the television cash-generating unit has been determined based on a value-in-use calculation. The recoverable amount of the out-of-home cash-generating unit in the prior period was determined based on fair value less costs to sell. These calculations require the use of assumptions. Refer to the Full Financial Report for details of these assumptions and the potential impact of changes to the assumptions.

Estimated Impact of Onerous Contract Provisions

An onerous contract provision is recognised when the forecast costs of a contract exceed the forecast revenues associated with the contract. The provision is initially recorded when a reliable estimate can be determined and is discounted to present value. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

Income Taxes

The consolidated entity has recognised deferred tax assets relating to carried forward tax losses. The consolidated entity expects to utilise these losses over a reasonable period.

Note 3: Underlying Results

In line with Finsia (Financial Services Institute of Australasia) and the AICD (Australian Institute of Company Directors) underlying profit reporting principles, the following tables reconcile 2013 and 2012 underlying net profit for the year to reported net profit.

	Year to 31 August 2013		
	Gross $'000	Tax $'000	Net $'000
Reported Net Loss after income tax attributable to members			**(284,993)**
Continuing Operations			
Restructuring costs	14,410	(4,323)	10,087
Impairment of intangible assets	292,122	(56,049)	236,073
Impairment of fixed assets	9,442	-	9,442
Provision of onerous contracts	20,268	-	20,268
Total Continuing Operations	336,242	(60,372)	275,870
Discontinued Operations			
Loss on sale of investments	5,091	(1,661)	3,430
Trading loss from discontinued operations	843	(174)	669
Total Discontinued Operations	5,934	(1,835)	4,099
Total non-recurring items and discontinued operations	**342,176**	**(62,207)**	**279,969**
Underlying Net Loss after income tax attributable to members			**(5,024)**

These items are individually significant and non-recurring in nature. For Continuing Operations, these items relate to impairment of television licences ($292.1m), provision of onerous contracts ($20.3m), impairment of fixed assets ($9.4m), and redundancy costs arising from a news and operations restructure and termination payments made to senior executives ($14.4m). For Discontinued Operations, these items relate to the loss on sale of Eye Corp Pty Limited ($5.1m) and trading loss of the discontinued operation ($0.8m).

	Year to 31 August 2012		
	Gross $'000	Tax $'000	Net $'000
Reported Net Loss after income tax attributable to members			**(12,871)**
Continuing Operations			
Restructuring costs	3,585	(1,075)	2,510
Write-down of investments	7,843	-	7,843
Total Continuing Operations	11,428	(1,075)	10,353
Discontinued Operations			
Impairment loss of discontinued operations	12,263	-	12,263
Trading profit from discontinued operations	(3,169)	139	(3,030)
Total Discontinued Operations	9,094	139	9,233
Total non-recurring items and discontinued operations	**20,522**	**(936)**	**19,586**
Underlying Net Profit after income tax attributable to members			**6,715**

The Company had $20.5m of individually significant items that are non-recurring in nature during the year ended 31 August 2012. These charges relate to the write-down of the Company's investment in OurDeal Pty Limited ($7.8m), redundancy costs in the Television segment ($3.6m), an impairment loss to write down the Eye Corp disposal group to estimated fair value less costs to sell ($12.3m) and trading profits from the discontinued Eye operations of $3.2m.

Note 4: 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 was comprised of institutional and retail components. 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 5: Discontinued Operations

Changes to Presentation – Reclassification of Disposal Group Held for Sale

During the year, the Company disposed of the Out of Home operations in Australia, New Zealand and Indonesia and separately the sale of the operations in the United Kingdom, as detailed below. These assets and liabilities of the entire Out of Home group, including the USA, were disclosed as held for sale in 2012. A review of the accounting treatment of the USA operations concluded that it was no longer appropriate to disclose the investment as 'Held for Sale' and the comparative information was reclassified accordingly.

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

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

The carrying amounts of assets and liabilities as at the date of sale were:

	31 August 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**
Net assets	**110,188**

(ii) On-sale of Eye Corp UK Operations to Airport Partners

	31 August 2013 $'000
Consideration paid or payable:	
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)
	(8,672)
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:

	31 August 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)	**(6,049)**

Loss Attributable to Discontinued Operations

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

	31 August 2013 $'000	31 August 2012 $'000
Trading (loss) / profit	(843)	3,169
Non-recurring items	(5,091)	(12,263)
Tax benefit / (expense)	1,835	(139)
Total loss from discontinued operations	**(4,099)**	**(9,233)**

Note 6: Revenues and Expenses

	31 August 2013 $'000	31 August 2012 $'000
6.1 Revenues from ordinary activities – continuing operations		
Sales Revenue	653,893	751,894
Other revenue		
- Interest income	5,751	1,253
- Dividend income	1,040	1,000
Other income		
- FX gain	218	-
Total revenues and other income from ordinary activities	660,902	754,147
6.2 Expenses from ordinary activities		
Details of relevant expenses		
- Television activities	(599,232)	(658,537)
- Out-of-home activities	(30,309)	(25,703)
Non-Recurring Expense items (Refer Note 3)		
Television		
- Restructuring expense	(14,410)	(3,585)
- Impairment of intangible assets	(292,122)	-
- Write-down of investments	-	(7,843)
Out-of-Home		
- Impairment of fixed assets	(9,442)	-
- Provision of onerous contracts	(20,268)	-
Discontinued operations		
- Sale of investments	(5,091)	-
- Trading loss of discontinued operations	(843)	-
- Impairment of discontinued operations	-	(12,263)
Total expenses from ordinary activities	(971,717)	(707,931)
6.3 Income tax revenue/(expense)		
Normal	(5,732)	(11,267)
Non-recurring tax items (Refer Note 3)		
Tax effect of non-recurring expense items	60,372	1,075
Total income tax revenue/(expense)	**54,640**	**(10,192)**

Note 7: Reconciliation of Income Tax Expense

The normal tax expense in the year to August 2013 represents 75.6% (2012: 42.3%) of profit before tax and non-recurring items. Excluding the share of associates profit and losses generated by operations in USA, tax expense represents 35.7% (2012: 34.1%) of net profit before tax.

Note 8: Dividends

No dividends/distributions were declared or paid to the members of Ten Network Holdings Limited during or subsequent to the year ended 31 August 2013.

A dividend of $3.6m was paid to CBS Studios Inc. on 15 June 2013, which represents their share of ElevenCo Pty Limited half year 2013 net profit. 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 9: Earnings per share

	31 August 2013	31 August 2012
Reported		
(a) Basic EPS (Refer Note (i) below)	**(12.88) cents**	**(1.15) cents**
- From continuing operations	(12.69) cents	(0.32) cents
- From discontinued operations	(0.19) cents	(0.83) cents
(b) Diluted EPS (Refer Note (ii) below)	**(12.88) cents**	**(1.15) cents**
- From continuing operations	(12.69) cents	(0.32) cents
- From discontinued operations	(0.19) cents	(0.83) cents
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	2,212,013,426	1,117,463,967
Underlying [J]		
(a) Basic EPS (Refer Note (i) below) [I]	**(0.23) cents**	**0.87 cents**
- From continuing operations	(0.23) cents	0.61 cents
- From discontinued operations	0.00 cents	0.26 cents
(b) Diluted EPS (Refer Note (ii) below) [I]	**(0.23) cents**	**0.87 cents**
- From continuing operations	(0.23) cents	0.61 cents
- From discontinued operations	0.00 cents	0.26 cents

[I]: Excludes the non-recurring items disclosed in Note 3.
[J]: For the year ended 31 August 2013, treasury shares are not included in the calculation of diluted earnings per share because they are anti-dilutive. These shares could potentially dilute earnings per share in the future.

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 10: NTA Backing

	31 August 2013	31 August 2012
Net tangible asset backing per ordinary share	$0.04	($0.15)
Net asset backing per ordinary security	$0.34	$0.66

Note 11: Reconciliation of Profit After Income Tax to Net Cash Flows From Operating Activities

	31 August 2013 $'000	31 August 2012 $'000
Loss after income tax	(278,122)	(4,200)
Non-cash expenses	51,425	48,931
Loss on sale of other non-current assets	243	58
Loss on sale of investments	5,091	-
Impairment of intangible assets	292,122	-
Net decrease in provisions [K]	(7,938)	(28,326)
Net decrease in tax provisions	(54,929)	(20,345)
Net (decrease) / increase in accrued revenue and expense items in (receivables) / payables	(62,107)	45,672
Net cash flows from operating activities	(54,215)	41,790

[K]: Includes the creation of provisions for restructuring costs.

Note 12: 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 year to 31 August 2013.

Note 13: 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. Two reportable segments have been identified. These are Television and Out-of-Home (Eye Corp's USA operations). In 2012, the Out-of-home segment was removed because it was classified as a discontinued operation. The 2012 comparative has been adjusted to reflect the remaining Out-of-Home segment as no longer being a discontinued operation. The Chief Executive Officer assesses the performance of the operating segments based on Adjusted EBITDA.

2013	Television	Out-of-Home	Eliminations/ Unallocated	Consolidated
	$'000	$'000	$'000	$'000
Revenue				
Sales to external customers	630,063	23,830	-	653,893
Other revenue	7,009	-	-	7,009
Total revenue	**637,072**	**23,830**	**-**	**660,902**
Segment Result				
Adjusted EBITDA	**46,147**	**(4,334)**	**-**	**41,813**
Depreciation	(15,532)	(1,876)	-	(17,408)
Amortisation	-	(269)	-	(269)
Adjusted EBIT	**30,615**	**(6,479)**	**-**	**24,136**
Non-recurring expense items (Refer Note 3)	(306,532)	(29,710)	-	(336,242)
Finance costs				(22,308)
Interest revenue				5,751
Loss before tax				**(328,663)**
Income tax revenue/(expense)				
Normal				(5,732)
Non-recurring tax items (Refer Note 3)				60,372
Loss from continuing operations				**(274,023)**

2012	Television $'000	Out-of-Home $'000	Eliminations/ Unallocated $'000	Consolidated $'000
Revenue				
Sales to external customers	726,707	25,187	-	751,894
Inter-segment sales [L]	277	-	(277)	-
Total sales revenue	726,984	25,187	(277)	751,894
Other revenue	2,253	-	-	2,253
Total revenue	**729,237**	**25,187**	**(277)**	**754,147**
Segment Result				
Adjusted EBITDA	**82,411**	**(515)**	**-**	**81,896**
Depreciation	(18,414)	-	-	(18,414)
Adjusted EBIT	**63,997**	**(515)**	**-**	**63,482**
Non-recurring expense items (Refer Note 3)	(11,428)		-	(11,428)
Finance costs				(38,082)
Interest revenue				1,253
Profit before tax				**15,225**
Income tax (expense)/ revenue				
Normal				(11,267)
Non-recurring tax items (Refer Note 3)				1,075
Profit from continuing operations				**5,033**

[L]: This relates to inter-segment transactions with Out-of-Home.

Note 14: Issued and Quoted Securities at End of Current Period

Category of securities	Total number	Number quoted	Issue price per security	Amount paid up per security
Ordinary securities	2,586,970,845	2,586,970,845	-	-
Changes during current period:				
Equity Raising – December 2012	875,123,898	875,123,898	$0.20	$0.20
Equity Raising – January 2013	274,642,074	274,642,074	$0.20	$0.20

Note 15: Events Occurring After Reporting Date

Subsequent to year end the Company has entered into a new refinancing package that, if approved by shareholders at the Annual General Meeting, will provide access to necessary funds for investment in key programming initiatives. Please refer to Note 2 for further detail.

Other than the above, no matters or circumstances have arisen since balance date that have significantly affected or may significantly affect:

- the operations in financial years subsequent to 31 August 2013 of the consolidated entity; or
- the results of those operations; or the state of affairs in financial years subsequent to 31 August 2013 of the consolidated entity.

Commentary on Results

Refer to attached Media Release.

Annual Meeting

The annual meeting will be held as follows:

Place	The Wesley Centre, 220 Pitt Street, Sydney NSW
Date	Wednesday 18 December 2013
Time	11.00am
Approximate date the annual report will be available	Monday 18 November 2013

Audit

This report is based on accounts which have been audited.