



## TEN NETWORK HOLDINGS LIMITED

ABN 14 081 327 068

### Appendix 4E

#### Preliminary Final Report

Year ended: 31 August 2009

Previous corresponding period: 31 August 2008

#### Results for Announcement to the Market

				<b>\$A'000</b>
Revenue from continuing operations	down	10.2%	to	903,000
EBITDA	down	29.8%	to	150,959
(Loss)/ Profit for the period attributable to members				(89,354)
Normalised net profit for the period attributable to members	down	47.4%	to	47,171

The 2009 result (as previously reported in the Appendix 4D 28 February 2009 Half Yearly Report) includes \$138.4m of non-recurring expense items and a net non-recurring income tax revenue of \$1.9m (Refer Note 2).

The 2008 result includes non-recurring income tax revenue of \$183.9m. The new Ten Network Holdings Limited tax consolidated group was formed in February 2008 and the majority of the benefit relates to the restatement of the tax cost base of the television licences (Refer Note 4).

Excluding the above amounts (and associated minority interests), normalised net profit for the period attributable to members for the 2009 year was \$47.2m (2008: \$89.6m).

#### Dividends

	Amount per security	Franked amount per security
<b>Dividends paid</b>		
December 2008 dividend	2.0¢	2.0¢
June 2009 dividend	Nil	N/A

Refer to attached Media Release for discussion of results.



## Consolidated income statement

	31 August 2009 \$A'000	31 August 2008 \$A'000
Revenue	903,000	1,006,126
Expenses		
Normal	(783,939)	(823,130)
Non-recurring (Refer Note 2)	(138,404)	-
Finance costs <sup>A</sup>	(51,257)	(51,949)
(Loss)/ Profit before income tax	(70,600)	131,047
Income tax (expense)/ revenue		
Normal	(20,633)	(40,921)
Non-recurring (Refer Note 2, 4 and 5)	1,879	183,879
<b>Net (Loss)/ Profit for the year</b>	<b>(89,354)</b>	<b>274,005</b>
Net (Loss)/ Profit is attributable to:		
Net (Loss)/ Profit attributable to members of Ten Network Holdings Limited	(89,354)	273,482
Net Profit attributable to minority interest	-	523
	<b>(89,354)</b>	<b>274,005</b>

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

### Earnings per share (EPS)

	31 August 2009	31 August 2008
<b>Reported</b>		
Basic EPS (cents per share)	(9.62) cents	29.57 cents
Diluted EPS (cents per share) <sup>C</sup>	(9.62) cents	29.57 cents
<b>Normalised<sup>A B</sup></b>		
Basic EPS (cents per share)	5.08 cents	9.69 cents
Diluted EPS (cents per share) <sup>C</sup>	5.06 cents	9.69 cents

<sup>A</sup>: Finance costs for 2009 include a \$7.4m (\$6.4m after tax) notional non-cash interest charge in relation to the unwinding of the provision for onerous contracts in the Out-of-Home segment. Normalised NPAT would be \$53.6m and normalised basic EPS would be 5.77 cents per share when excluding the net impact of this notional non-cash interest charge.

<sup>B</sup>: Excludes non-recurring items disclosed above.

<sup>C</sup>: The number of shares used in calculating Diluted EPS includes the potential impact of treasury shares (which are disclosed as an offset to contributed equity in the balance sheet).



## Consolidated balance sheet

	31 August 2009 \$A'000	31 August 2008 \$A'000
<b>Current Assets</b>		
Cash and cash equivalents	5,318	30,938
Receivables	155,237	159,055
Program rights & inventories <sup>D</sup>	121,265	144,275
Current tax assets	5,001	20,178
Derivative financial instruments <sup>E</sup>	36	-
Other	8,064	9,510
<b>Total Current Assets</b>	<b>294,921</b>	<b>363,956</b>
<b>Non-Current Assets</b>		
Receivables	247	248
Program rights & inventories	17,279	798
Other financial assets <sup>D</sup>	2,765	5,512
Property, plant and equipment <sup>D</sup>	92,860	123,228
Intangible assets <sup>D</sup>	1,174,451	1,204,626
Derivative financial instruments <sup>E</sup>	52	3,356
Deferred tax assets <sup>D</sup>	12,098	11,326
Other	498	770
<b>Total Non-Current Assets</b>	<b>1,300,250</b>	<b>1,349,864</b>
<b>Total Assets</b>	<b>1,595,171</b>	<b>1,713,820</b>
<b>Current Liabilities</b>		
Payables	183,802	217,796
Derivative financial instruments <sup>E</sup>	184	-
Provisions <sup>D</sup>	36,294	19,133
<b>Total Current Liabilities</b>	<b>220,280</b>	<b>236,929</b>
<b>Non-Current Liabilities</b>		
Payables	22,548	12,948
Interest-bearing liabilities <sup>E</sup>	395,949	570,441
Derivative financial instruments <sup>E</sup>	61,648	69,191
Deferred tax liabilities	36,996	38,745
Provisions <sup>D</sup>	51,670	19,292
<b>Total Non-Current Liabilities</b>	<b>568,811</b>	<b>710,617</b>
<b>Total Liabilities</b>	<b>789,091</b>	<b>947,546</b>
<b>Net Assets</b>	<b>806,080</b>	<b>766,274</b>
<b>Equity</b>		
Contributed equity <sup>F</sup>	2,353,403	2,220,704
Reserves	(1,207,226)	(1,222,192)
Accumulated losses	(340,102)	(232,243)
Total parent entity interest	806,075	766,269
Minority interest in controlled entities	5	5
<b>Total Equity</b>	<b>806,080</b>	<b>766,274</b>

<sup>D</sup> <sup>F</sup>: 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: These balances include the impact of non-recurring items. See Note 2 for further details.

E: The total drawn debt (Bank loan and Private Placement) at the end of the period was \$450m. This is comprised of the Non-Current Interest bearing Liabilities (\$395.9m) and the mark to market of the cross-currency swap embedded with the \$USD125m Private Placement Loan (\$54.1m). The remainder of the derivative financial instrument balance (\$7.6m) relates to the mark to market of the interest rate hedge derivatives.

The reduction in non-current interest bearing liabilities is due to proceeds from the equity raising in August 2009 being used to repay drawn bank debt. See further discussion in Note 3.

F: Contributed equity has increased as a result of the equity raising. See further discussion in Note 3.



## Consolidated statement of recognised income and expense

	31 August 2009 \$A'000	31 August 2008 \$A'000
AASB 139 hedge reserves	(4,553)	(615)
Exchange differences on translation of foreign operations	18,851	(3,700)
Net income/ (loss) recognised directly in equity	14,298	(4,315)
(Loss)/ Profit for the year	(89,354)	274,005
Total recognised income and expense for the year before minority interest	(75,056)	269,690
Total recognised (loss)/ profit for the year is attributable to:		
Members of Ten Network Holdings Limited	(75,056)	269,147
Minority interest	-	543
	(75,056)	269,690

*The above consolidated statement of recognised income and expense should be read in conjunction with the accompanying notes.*



## Consolidated cash flow statement

	31 August 2009 \$A'000	31 August 2008 \$A'000
<b>Cash and its equivalents</b>		
Cash at hand	86	88
Cash at bank	5,232	30,850
At end of year	5,318	30,938
At beginning of year	30,938	23,503
Effects of exchange rate changes on cash and its equivalents	(8)	(109)
<b>Net cash (outflows)/ inflows for the year</b>	<b>(25,628)</b>	<b>7,326</b>
Represented by:		
<b>Cash Flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax) <sup>G</sup>	988,624	1,124,356
Payments to suppliers and employees (inclusive of goods and services tax)	(877,691)	(866,357)
Interest received	1,492	3,033
Bank interest paid	(43,095)	(51,221)
Net income tax received/(paid)		
Prior year refunds received	25,931	12,995
Current year payments	(44,198)	(58,810)
Refund/ (prepayment) of tax re tax consolidation	17,576	(17,576)
Net cash flows from operating activities (refer Note 10)	68,639	146,420
<b>Cash Flows from investment activities</b>		
Acquisition of property, plant and equipment	(23,509)	(35,383)
Proceeds on disposal of property, plant and equipment	85	5
Payment for other investments	(1,095)	(2,445)
Guarantee refunds	-	894
Deferred consideration	(352)	(3,302)
Distributions from investments	-	55
Advances to other entities	-	1,280
Net cash flows from investment activities	(24,871)	(38,896)
<b>Cash Flows from financing activities</b>		
Distributions		
Dividend paid	(18,505)	(125,225)
Share buyback	-	(3,608)
Net proceeds from Issue of Shares	134,109	-
Financing establishment costs paid	-	(1,365)
Proceeds from borrowings	285,000	270,000
Repayment of borrowings	(470,000)	(240,000)
Net cash flows from financing activities	(69,396)	(100,198)
<b>Net cash (outflows)/ inflows for the year</b>	<b>(25,628)</b>	<b>7,326</b>

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

<sup>G</sup>: 2009 Receipts from customers were impacted by lower revenues recognised in August 2008 as a result of the Beijing Olympics which adversely affected the receipts for the period.



## 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 period ended 31 August 2009 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 in the preparation of this Report are consistent with those applied in the 31 August 2008 Annual Financial Report.

### Note 2: Non-recurring expense items and tax items

The following non-recurring expense items and tax items were previously reported in the Appendix 4D 28 February 2009 Half Yearly Report.

#### Non-recurring expense items

For the year ended August 2009, \$138.4m has been recognised as non-recurring expense items.

We have recognised a non-recurring expense item of \$15.5m in the Television segment in relation to the writedown of program rights and an investment.

We have recognised a non-recurring expense item of \$122.9m in the Out-of-Home segment in relation to asset impairments and the provision for loss making contracts in the United States, United Kingdom and Australian regions.

#### Non-recurring tax items

For the year ended August 2009, \$1.9m has been recognised as a non-recurring tax revenue.

This benefit represents the tax impact associated with the non-recurring expense items as detailed above and in Note 5, partially offset by the tax expense associated with the writeoff of tax losses in the US operations.

### Note 3: Equity Raising

During August 2009, Ten Network Holdings Limited completed an equity raising which involved an institutional placement of 120 million shares at \$1.15 per share. The gross proceeds of \$138m were offset by ancillary costs to the raising and the net of these amounts has been recognised in contributed equity.

The funds received from the equity raising were used to repay drawn bank debt.

### Note 4: Exchange of minority shareholders and Tax Consolidations in prior period

#### *Exchange of minority shareholders in The Ten Group Pty Limited*

During February 2008, AMP Life Limited and Copplemere Pty Limited exchanged their remaining interests (totalling 5,435,916 shares) in The Ten Group Pty Limited into the equivalent number of new shares in Ten Network Holdings Limited. The value of the shares exchanged was recorded at the prevailing market value of \$13.1m in total.

#### *Tax Consolidations*

Following the above exchange, Ten Network Holdings Limited held 100% of the shares in The Ten Group Pty Limited and as a result became the head of a new tax consolidated group. This triggered the requirement to reassess the tax cost bases of the tax consolidated group – broadly with reference to proportional market values. An income tax benefit of \$188.1m was booked to the income statement as a result of this calculation. Of this benefit, an amount of \$186.4m related to a reduction to deferred tax liabilities arising from an uplift of \$621.4m in the tax cost base of television licences. The remaining benefit of \$1.6m related to uplifts in the tax cost bases of other depreciable assets, particularly fixed assets such as plant and equipment.

#### *Share Buybacks*

The final purchases under Ten Network Holding Limited's on-market share buyback program were completed on 13 August 2008, by which time Ten Network Holdings Limited had purchased 2,348,280 of issued shares valued at \$3,608,042.



## Note 5: Revenues and Expenses

	31 August 2009 \$A'000	31 August 2008 \$A'000
<b>5.1 Revenues</b>		
Sales Revenue	901,500	1,003,089
Other revenue		
- Interest revenue	1,492	3,033
- Profit on sale of other non-current assets	-	4
- Foreign exchange gain	8	-
<b>Total revenues from continuing operations</b>	<b>903,000</b>	<b>1,006,126</b>
<b>5.2 Expenses</b>		
Details of relevant expenses		
- Television activities	(622,822)	(637,474)
- Out Of Home activities	(159,884)	(184,541)
- Corporate	(1,233)	(1,115)
<b>Non-Recurring Expense items (Refer Note 2)</b>		
<i>Television</i>		
- Writedown of assets	(15,552)	-
<i>Out Of Home</i>		
- Writedown of intangibles	(35,679)	-
- Writedown of other assets	(27,986)	-
- Provision for onerous contracts	(59,187)	-
<b>Total expenses from continuing operations</b>	<b>(922,343)</b>	<b>(823,130)</b>
<b>5.3 Income tax (expense)/ revenue</b>		
Normal	(20,633)	(40,921)
Non-recurring tax items (Refer Note 2)		
Tax losses written off (Out-of-Home operations)	(10,139)	(4,187)
Tax effect of non-recurring expense items	12,018	-
Tax consolidation	-	188,066
<b>Total income tax (expense)/ benefit</b>	<b>(18,754)</b>	<b>142,958</b>

## Note 6: Reconciliation of Income Tax Expense

The normal tax expense in the year to August 2009 represents 30.4% of profit before tax and non-recurring items.

## Note 7: Dividends

Details of dividends declared or paid during the year ended 31 August 2009 are as follows:

Payment date	Type	Amount per security	Total dividend \$	Franked amount per security	Foreign sourced dividend amount per security
13 January 2009	Interim 2009 Dividend	2.0 cents	18,504,734	2.0 cents	-



**Note 8: Earnings per share**

**Reported**

- (a) Basic EPS (Refer Note (i) below)
- (b) Diluted EPS (Refer Note (ii) below)<sup>⌋</sup>

Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS<sup>⌋</sup>

**Normalised<sup>⌋</sup>**

- (a) Basic EPS (Refer Note (i) below)
- (b) Diluted EPS (Refer Note (ii) below)<sup>⌋</sup>

	31 August 2009	31 August 2008
(a) Basic EPS (Refer Note (i) below)	(9.62) cents	29.57 cents
(b) Diluted EPS (Refer Note (ii) below) <sup>⌋</sup>	(9.62) cents	29.57 cents
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS <sup>⌋</sup>	929,180,996	924,846,778
(a) Basic EPS (Refer Note (i) below)	5.08 cents	9.69 cents
(b) Diluted EPS (Refer Note (ii) below) <sup>⌋</sup>	5.06 cents	9.69 cents

<sup>⌋</sup>: 2009: The number of shares as at 31 August 2009 reflects the institutional placement of 120 million shares as part of the equity raising which was completed on 11 August 2009.

2008: The number of shares as at 31 August 2008 reflects the exchange of the debentures previously held by Canwest, which occurred on 27 August 2007, the exchange of the shares in The Ten Group Pty Limited previously held by AMP Life Limited and Copplemere Pty Limited into new shares in Ten Network Holdings Limited, and the on market buyback of shares in Ten Network Holdings Limited.

<sup>⌋</sup>: 2009: excludes the non-recurring items disclosed in Note 2. Normalised basic EPS would be 5.77 cents per share when excluding the impact of the \$7.4m (\$6.4m after tax) notional non-cash interest charge in relation to the unwinding of the provision for onerous contract provisions in the Out-of-Home segment.

2008: excludes non-recurring income tax revenue of \$183.9m (Refer Note 4).

<sup>⌋</sup>: The number of shares used in calculating Diluted EPS includes the potential impact of treasury shares (which are disclosed as an offset to contributed equity in the balance sheet).

**Note 9: NTA Backing**

	31 August 2009	31 August 2008
Net tangible asset backing per ordinary share	(\$0.35)	(\$0.47)
Net asset backing per ordinary security	\$0.77	\$0.83



**Note 10: Reconciliation of Profit After Income Tax to Net Cash Flows From Operating Activities**

	31 August 2009 \$A'000	31 August 2008 \$A'000
<b>(Loss)/ Profit after income tax</b>	(89,354)	274,005
Non-cash expenses	33,537	34,597
Non-cash expenses – Non-recurring items	138,404	(188,066)
Set up costs for loan facility	-	1,365
Loss on sale of other non-current assets	84	4
Net increase in provisions	7,943	1,969
Net increase/ (decrease) in tax provisions	9,002	(15,360)
Net (decrease)/ increase in accrued revenue and expense items in payables/ (receivables)	(30,977)	37,906
<b>Net cash flows from operating activities</b>	<b>68,639</b>	<b>146,420</b>

**Note 11: Changes in the Composition of the Consolidated Entity**

There were no material changes in the composition of the consolidated entity for the years ended 31 August 2009 and 2008.

Refer to Notes 3 and 4 for changes in the consolidated entity's equity in both these years.



**Note 12: Segment Note**

2009	Television \$'000	Out of Home \$'000	Eliminations/ Unallocated \$'000	Consolidated \$'000
<b>Revenue</b>				
Sales to external customers	744,202	157,298	-	901,500
Inter-segment sales	185	848	(1,033)	-
Total sales revenue	744,387	158,146	(1,033)	901,500
Other revenue	1,206	211	83	1,500
Total revenue	745,593	158,357	(950)	903,000
<b>Segment Result</b>				
EBITDA	142,065	10,127	(1,233)	150,959
Depreciation	(21,355)	(10,214)	-	(31,569)
Amortisation	-	(1,821)	-	(1,821)
EBIT	120,710	(1,908)	(1,233)	117,569
Non-recurring expense items (Refer Note 2)	(15,552)	(122,852)	-	(138,404)
Finance costs				(51,257)
Interest revenue				1,492
(Loss) before tax				(70,600)
Income tax (expense)/ revenue				
Normal				(20,633)
Non-recurring tax items (Refer Note 2 and 5)				1,879
(Loss) after tax				(89,354)



**Note 12: Segment Note (continued)**

2008	Television \$'000	Out of Home \$'000	Eliminations/ Unallocated \$'000	Consolidated \$'000
<b>Revenue</b>				
Sales to external customers	825,986	177,103	-	1,003,089
Inter-segment sales	187	678	(865)	-
Total sales revenue	826,173	177,781	(865)	1,003,089
Other revenue	1,933	777	327	3,037
Total revenue	828,106	178,558	(538)	1,006,126
<b>Segment Result</b>				
EBITDA	209,011	7,130	(1,115)	215,026
Depreciation	(20,984)	(11,209)	-	(32,193)
Amortisation	-	(2,870)	-	(2,870)
EBIT	188,027	(6,949)	(1,115)	179,963
Finance costs				(51,949)
Interest revenue				3,033
Profit before tax				131,047
Income tax (expense)/ revenue				
Normal				(40,921)
Non-recurring tax items (Refer Note 4 and 5)				183,879
Profit after tax				274,005



**Note 13: 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	1,045,236,720	1,045,236,720	-	-
Changes during current period: Equity Raising – August 2009	120,000,000	120,000,000	\$1.15	\$1.15

**Note 14: Events Occurring After Reporting Date**

On 24 September 2009, Canwest MediaWorks Ireland Holdings announced that it had entered into an agreement for the sell down of its entire 50.06% shareholding in Ten Network Holdings Limited. Following completion of the sale on 1 October 2009, Mr Leonard Asper and Mr Tom Strike resigned as Directors from the board of Ten Network Holdings Limited.

No other matter, item, transaction or event of a material nature has occurred between 31 August 2009 and the date of this report.



## Commentary on Results

Refer to attached Media Release.

## Annual Meeting

The annual meeting will be held as follows:

Place

Ballroom 1, Level 3, Star City, 80 Pyrmont Street, Pyrmont NSW

Date

Thursday 10 December 2009

Time

10.00am

Approximate date the annual report will be available

Tuesday 10 November 2009

## Audit

This report is based on accounts which have been audited.

A handwritten signature in black ink, appearing to be "S Partington".

Sign here:

\_\_\_\_\_

Company Secretary

Date: 22 October 2009

Print name:

Stephen Partington