



**NINE ENTERTAINMENT CO. HOLDINGS  
LIMITED**

**(Formerly Nine Entertainment Co. Holdings Pty Limited)**

ACN 122 203 892

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2013**

## DIRECTORS' STATUTORY REPORT

The Directors present the financial report for the year ended 30 June 2013. The financial report includes the results of Nine Entertainment Co. Holdings Limited (Formerly Nine Entertainment Co. Holdings Pty Limited) (the "Company") and the entities that it controlled during the year (the "Group").

### Directors

The Directors of Nine Entertainment Co. Holdings Limited in office during the financial year and until the date of this Report and their appointment dates are:

Name	Date Appointed	Date Resigned
David Gyngell	25 November 2010	
David Haslingden	6 February 2013	
Edgar Lee	6 February 2013	
Kevin Crowe Jr	6 February 2013	
Steve Martinez	6 February 2013	
Rajath Shourie	6 February 2013	
Peter Costello	6 February 2013	
Hugh Marks	6 February 2013	
Joanne Pollard	6 February 2013	
Peter Bush	1 April 2011	6 February 2013
Andrew Cummins	27 October 2008	6 February 2013
Adrian MacKenzie	7 February 2007	10 October 2012

#### *David Gyngell (Director and Chief Executive Officer)*

Mr Gyngell was appointed as the Company's Chief Executive Officer on 25 November 2010, having served as the Chief Executive Officer of Nine Network from September 2007. He has 15 years of experience at the Company and over 25 years overall media sector experience. Mr Gyngell is currently the Chairman of Surfing New South Wales. Previously, Mr Gyngell was Chief Executive Officer of Granada Television and also a director of International Management Group and Transworld Media International. He has also worked as Executive Director, Group Marketing and Communications for Publishing & Broadcasting Limited.

#### *David Haslingden (Independent Non-Executive Chairman)*

Mr Haslingden was appointed to the Board in February 2013 as an independent, non-executive director and Chairman. Mr Haslingden owns and operates a global network of television production companies comprising NHNZ, Beach House Productions and Northern Pictures. He is also Chairman of WildAid, a conservation organisation. Previously, Mr Haslingden was President and Chief Operating Officer of Fox Networks Group. Prior to this appointment, Mr Haslingden was Chief Executive Officer of Fox International Channels. Mr Haslingden also served as Chief Executive Officer of the National Geographic Channels business.

Mr Haslingden has sat on a number of industry boards in the United States including the National Cable and Telecommunications Association. Mr Haslingden received a BA/LLB degree from Sydney University and a LLM degree from Cambridge University.

#### *Edgar Lee (Non-Executive Director)*

Mr Lee was appointed to the Board in February 2013 as a nominee of Oaktree Capital Management, LLC ("Oaktree"). Mr Lee is the Portfolio Manager of the Strategic Credit strategy and a Managing Director at Oaktree where he has experience investing in media companies and working with media management teams. Prior to joining Oaktree in 2007, Mr Lee worked in the TMT Investment Banking division at UBS Investment Bank. Before that, he was an Associate in the Fixed Income Division at Lehman Brothers Inc. His prior experience also includes work at Katzenbach Partners LLP and Urban Institute.

Mr Lee received a B.A. degree in Economics from Swarthmore College and an M.P.P. with a concentration in Applied Economics from Harvard University.

#### *Kevin Crowe Jr (Non-Executive Director)*

Mr Crowe was appointed to the Board in February 2013 as a nominee of Apollo Management ("Apollo"). Mr Crowe is currently a principal at Apollo. He also serves on the Board of Directors of Norwegian Cruise Lines and Prestige Cruise Holdings and previously served on the Board of Directors of Quality Distribution. Prior to joining Apollo, Mr Crowe was a member of the Financial Sponsors group in the Global Banking department of Deutsche Bank Securities.

Mr Crowe graduated from Princeton University with an AB in Economics and a certificate in Finance.

**DIRECTORS' STATUTORY REPORT (continued)****Directors (continued)***Steve Martinez (Non-Executive Director)*

Mr Martinez was appointed to the Board in February 2013 as a nominee of Apollo. Mr Martinez is a Senior Partner and Head of Asia Pacific Private Equity for Apollo. Mr Martinez currently serves on the Board of Directors of Norwegian Cruise Lines, Prestige Cruises, Veritable Maritime and Rexnord Industries. He previously served as a director of Allied Waste, Goodman Global, Hayes-Lemmerz International, Hughes Telematics and Jacuzzi Brands. Prior to joining Apollo, Mr Martinez was a member of the mergers and acquisitions department of Goldman Sachs & Co and before that he worked at Bain & Company.

Mr Martinez received an MBA from the Harvard Business School and a BA and BS from the University of Pennsylvania and the Wharton School of Business respectively.

*Rajath Shourie (Non-Executive Director)*

Mr Shourie was appointed to the Board in February 2013 as a nominee of Oaktree. Mr Shourie is currently a Managing Director of Oaktree and a co-portfolio manager of Oaktree's Distressed Debt fund. Mr Shourie has worked with a number of Oaktree's portfolio companies and been active on various creditors' committees. He currently serves on the boards of Taylor Morrison and STORE. Prior to joining Oaktree, Mr Shourie worked in the Principal Investment Area at Goldman Sachs & Co., and as a management consultant at McKinsey & Co.

Mr Shourie earned a B.A. in Economics from Harvard College. He also received an M.B.A. from Harvard Business School, where he was a Baker Scholar.

*Peter Costello (Independent Non-Executive Director)*

Mr Costello was appointed to the Board in February 2013 as an independent, non-executive director. Mr Costello is a guardian of Australia's Future Fund and currently serves on a number of advisory boards, including an independent advisory board to the World Bank. His business ECG Financial Pty Ltd is a boutique advisor on mergers and acquisitions, foreign investment, competition and regulatory issues which affect business in Australia. Mr Costello served as member of the House of Representatives from 1990 to 2009 and was Treasurer of the Commonwealth of Australia from March 1996 to December 2007.

Prior to entering Parliament Mr Costello was a barrister. He received BA/LLB (Hons) and LLD (Honoris Causa) degrees from Monash University. Mr Costello is a member of the MCG Trust. In 2011 he was appointed a Companion of the Order of Australia.

*Hugh Marks (Independent Non-Executive Director)*

Mr Marks was appointed to the Board in February 2013 as an independent, non-executive director. Mr Marks is currently the Chief Executive Officer of Media Venture Partners and the director of a number of companies including Wild Fury Pty Limited and RGM Artists Pty Limited. He has 18 years of experience as a senior executive in content production and broadcasting in Australia and internationally. Before joining the Board, Mr Marks was an authority member for the Australian Communications and Media Authority for over 2 years. Previously, Mr Marks was Chief Executive Officer of the Southern Star Group. Mr Marks has also worked with the Nine Network as legal counsel and then as director of Nine Films & Television for seven years.

Mr Marks is a lawyer by profession and is admitted as a solicitor in the Supreme Court of New South Wales. Mr Marks received a BComm/LLB degree at the University of New South Wales.

*Joanne Pollard (Independent Non-Executive Director)*

Ms Pollard was appointed to the Board in February 2013 as an independent, non-executive director. Ms Pollard is currently the Chief Executive Officer of Publicis Mojo Australia and a board member of The Communications Council, Australia's peak body representing agencies in the marketing communications industry to media, government and the public. Previously, Ms Pollard was appointed the Chief Executive Officer of ninemsn in 2008, a position she held until 2011, and also served as a board member for ninemsn, iSelect Limited, IAB, Australian Association of National Advertisers and the Australian Business Community Network. She also worked as Sales and Marketing Director for the Nine Entertainment Group. Ms Pollard also previously worked as Global Director of Media, Digital and Content at Nike Inc in the US and Marketing Director of Nike Japan and as a Media Director at J. Walter Thompson Advertising.

**DIRECTORS' STATUTORY REPORT (continued)**

Directors' Meetings	Directors' meetings	
	Meetings held	Meetings attended
David Gyngell	19	19
David Haslingden	6	6
Edgar Lee	6	6
Kevin Crowe Jr	6	6
Steve Martinez	6	6
Rajath Shourie	6	6
Peter Costello	6	4
Hugh Marks	6	6
Joanne Pollard	6	6
Peter Bush	13	13
Andrew Cummins	13	12
Adrian MacKenzie	9	9

**Company Secretary**

*Simon Kelly (Chief Operating Officer and Finance Director and Company Secretary)*

Mr Kelly was appointed Chief Operating Officer and Chief Financial Officer of Nine Entertainment Co, in April 2012. He was previously Chief Financial Officer, Company Secretary and Board Director of ASX listed Aristocrat Leisure Limited and he also held a number of senior executive roles at ASX listed Goodman Fielder Limited.

Mr Kelly is Chairman and Independent Non-Executive Director of Intrepica Pty Limited and an Independent Non-Executive Director of Clarius Group. He is a fellow of the Institute of Chartered Accountants in England & Wales, member of the Institute of Chartered Accountants in Australia and member of the Australian Institute of Company Directors.

**Principal Activities**

The principal activities of the entities within the consolidated entity during the year were:

- Television broadcasting and program production
- Ticketing, promotion and event planning
- Investments in the internet, subscription television, and other media sectors

**Trading Results**

The consolidated net profit of the Group for the financial year after income tax was \$1,187,497,000 (2012: loss \$966,408,000).

**Dividends**

The Directors do not recommend payment of a dividend for the year ended 30 June 2013. No dividends have been declared or paid during the year ended 30 June 2013 (2012: nil).

**Corporate Information**

Nine Entertainment Co. Holdings Limited is a company that is incorporated and domiciled in Australia. It is the parent entity of the Group.

The registered office address of Nine Entertainment Co. Holdings Limited is Level 8, 54 Park Street, Sydney, NSW, 2000.

**DIRECTORS' STATUTORY REPORT (continued)****Operating and Financial Review**

For the year to 30 June 2013, the Group reported a consolidated net profit after income tax of \$1,187,497,000 (2012: loss \$966,408,000).

The Group's Revenues from continuing operations for the year to 30 June 2013 were \$1,272,423,000 (2012: \$1,196,934,000).

The Group's Earnings before interest, tax, depreciation and amortisation (EBITDA) and before specific items (Note 2(b)(iv)) from continuing operations for the year ended 30 June 2013 was a profit of \$225,003,000 (2012: profit of \$237,974,000).

The Group's cash flows used in operations for the year to 30 June 2013 were \$38,308,000 (2012: \$17,150,000).

**Significant Changes in the State of Affairs**

In September 2012, the Group disposed of the wholly owned subsidiary, Australian Consolidated Press Limited.

In February 2013, the Company entered into a scheme of arrangement resulting in all Senior and Mezzanine debt being converted to equity and/or refinanced. In addition, as a result of the scheme of arrangement, the issued share capital in the Company was altered.

**Significant Events After the Balance Date**

On 1 July 2013, the Group acquired 100% of the ordinary shares of Channel 9 South Australia Pty Ltd ("South Australia") and its subsidiaries and an option to acquire Swan Television Radio Broadcasters Pty Ltd for total consideration of \$150 million. The Group is currently completing due diligence procedures to determine whether it wishes to acquire Swan Television Radio Broadcasters Pty Ltd.

**Likely Developments and Expected Results**

Other than the developments described in this report, the Directors are of the opinion that no other matter or circumstance will significantly affect the operations and expected results of the Group.

**Share Plans and Options**

During the year ended 30 June 2013, the Group provided certain Directors restricted share units (2012: none). Refer to Note 27(b) for the value of the restricted share units issued.

**Indemnification and Insurance of Directors and Officers**

During or since the financial year, Nine Entertainment Co. Holdings Limited has paid premiums in respect of a contract insuring all the directors and officers of the parent entity and its controlled entities against costs incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as director or officer of Nine Entertainment Co. Holdings Limited or its controlled entities. The insurance contract specifically prohibits disclosure of the nature of the insurance cover, the limit of the aggregate liability and the premiums paid.

**Directors' and Senior Executive Officers' Remuneration**

Details of directors' and key management personnel remuneration is included in Note 27.

**Auditor's Independence Declaration**

The Directors have received the Auditor's Independence Declaration, a copy of which is included on page 7.

**DIRECTORS' STATUTORY REPORT (continued)**

**Non-audit services**

Details of amounts paid or payable to the auditor for non-audit services provided by the auditor during the year are outlined below.

	<b>2013</b> \$	<b>2012</b> \$
Amounts received, or due and receivable, by the auditor of the parent entity for:		
Audit and review of the financial report of the entity	<b>411,966</b>	649,270
Taxation services	<b>2,114,281</b>	1,804,566
Assurance related services	<b>72,250</b>	88,280
Other non-audit services	-	214,687
	<b>2,598,497</b>	2,756,803
Amounts received, or due and receivable, by other member firms of Ernst & Young International for:		
Auditing the accounts of controlled entities	-	154,350
	<b>2,598,497</b>	2,911,153

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

**Rounding**

The amounts contained in the financial statements have been rounded off to the nearest thousand dollars (where rounding is applicable) under the option available to the Group under ASIC Class Order 98/0100. Nine Entertainment Co. Holdings Limited is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.



**David Haslingden**  
Chairman



**David Gyngell**  
Director

**Sydney, 18<sup>th</sup> day of September, 2013**



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## Auditor's Independence Declaration to the Directors of Nine Entertainment Co. Holdings Limited

In relation to our audit of the financial report of Nine Entertainment Co. Holdings Limited for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Douglas Bain  
Partner  
18 September 2013

## **Independent auditor's report to the members of Nine Entertainment Co. Holdings Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Nine Entertainment Co. Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Independence***

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included, by reference, in the directors' report.



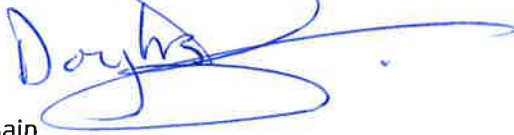
## **Opinion**

In our opinion:

- a. the financial report of Nine Entertainment Co. Holdings Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(b).



Ernst & Young



Douglas Bain  
Partner  
Sydney  
18 September 2013

**DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors of Nine Entertainment Co. Holdings Limited, we state that:

1. In the opinion of the Directors:
  - (a) the financial statements and notes set out on pages 11 to 63 are in accordance with the *Corporations Act 2001*, including:
    - i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of their performance for the financial year ended on that date; and
    - ii) complying with Australian Accounting Standards and *Corporations Regulations 2001*; and
    - iii) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1 (b); and
  - (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
2. In the opinion of the Directors, at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 30 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

On behalf of the Board



**David Haslingden**  
Chairman



**David Gyngell**  
Director

Sydney, 18<sup>th</sup> day of September, 2013

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$'000	2012 \$'000
<b>Continuing Operations</b>			
Revenues	2(b)	1,272,423	1,196,934
Expenses	2(b)	(1,099,781)	(1,069,614)
Finance costs	2(b)	(246,589)	(394,322)
Impairment of assets	2(b)	(120,635)	(778,292)*
Net gain on restructure	2(b)	1,348,512	-
Share of profits of associate entities	10	36,896	25,222
<b>Profit/(loss) from continuing operations before income tax</b>		<b>1,190,826</b>	<b>(1,020,072)</b>
Income tax benefit	4	9,991	26,792
<b>Profit/(loss) from continuing operations after income tax</b>		<b>1,200,817</b>	<b>(993,280)</b>
<b>Discontinued Operations</b>			
Profit/(loss) from discontinued operations after income tax – Australian Consolidated Press Limited Group	5	(13,320)	26,872
<b>Net profit/(loss) for the period</b>		<b>1,187,497</b>	<b>(966,408)</b>
<b>Other Comprehensive Income</b>			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		636	(2,046)
Reclassification of foreign currency translation reserve to loss from discontinued operations	5	22,089	-
Fair value movement in investment in listed or unlisted equities		8,285	(5,297)*
Fair value movement in cash flow hedges		74,486	(6,077)
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on defined benefit plan		98	(2,162)
<b>Other comprehensive income/(loss) for the period</b>		<b>105,594</b>	<b>(15,582)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>1,293,091</b>	<b>(981,990)</b>
<b>Profit/(loss) for the period is attributable to:</b>			
Equity holders of the parent		1,187,857	(968,336)
Non-controlling interest – third party		(360)	1,928
		<b>1,187,497</b>	<b>(966,408)</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Equity holders of the parent		1,293,451	(983,918)
Non-controlling interest		(360)	1,928
		<b>1,293,091</b>	<b>(981,990)</b>

\* These figures have been restated on account of the Group's early adoption of AASB 9 (refer to Note 1(c)).

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013	2012
<b>Earnings per share</b>			
Basic, profit for the year attributable to ordinary equity holders of the parent	33	\$15.01	N/A <sup>1</sup>
Diluted, profit for the year attributable to ordinary equity holders of the parent	33	\$15.01	N/A <sup>1</sup>
<b>Earnings per share for continuing operations</b>			
Basic, profit from continuing operations attributable to ordinary equity holders of the parent	33	\$15.18	N/A <sup>1</sup>
Diluted, profit from continuing operations attributable to ordinary equity holders of the parent		\$15.18	N/A <sup>1</sup>

<sup>1</sup> During 2013, the Company consolidated its ordinary shares into 1 share (refer to Note 18). Due to the treatment of the share consolidation per the accounting standards, this results in the weighted average number of shares for 2012 being 1 share.

**NINE ENTERTAINMENT CO. HOLDINGS LIMITED**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2013**

	Note	2013 \$'000	2012 \$'000
<b>Current assets</b>			
Cash and cash equivalents	22	392,450	237,604
Trade and other receivables	6	263,974	249,845
Inventories	7	742	799
Program rights	8	172,187	151,566
Derivative financial instruments	31	9,085	-
Other assets	9	20,590	13,066
Assets of discontinued operations	5	-	688,781
<b>Total current assets</b>		<b>859,028</b>	<b>1,341,661</b>
<b>Non-current assets</b>			
Receivables	6	3,066	2,732
Program rights	8	67,092	68,423
Investments in associates accounted for using the equity method	10	136,507	245,516
Investment in listed or unlisted equities	11	17,349	8,060
Property, plant and equipment	12	161,160	169,238
Licences	13	344,669	344,669
Other intangible assets	14	1,222,243	1,221,242
Derivative financial instruments	31	91,448	-
Other assets	9	86,466	12,905
<b>Total non-current assets</b>		<b>2,130,000</b>	<b>2,072,785</b>
<b>Total assets</b>		<b>2,989,028</b>	<b>3,414,446</b>
<b>Current liabilities</b>			
Trade and other payables	15	401,393	380,710
Interest-bearing loans and borrowings	16	32,940	3,800,010
Current income tax liabilities		7	106
Provisions	17	57,769	70,558
Derivative financial instruments	31	-	94,540
Liabilities of discontinued operations	5	-	197,446
<b>Total current liabilities</b>		<b>492,109</b>	<b>4,543,370</b>
<b>Non-current liabilities</b>			
Payables	15	70,195	76,512
Interest-bearing loans and borrowings	16	865,310	220
Deferred tax liabilities	4	21,462	21,027
Provisions	17	56,311	24,873
<b>Total non-current liabilities</b>		<b>1,013,278</b>	<b>122,632</b>
<b>Total liabilities</b>		<b>1,505,387</b>	<b>4,666,002</b>
<b>Net assets/(liabilities)</b>		<b>1,483,641</b>	<b>(1,251,556)</b>
<b>Equity</b>			
Attributable to equity holders of the parent			
Contributed equity	18	2,773,295	1,329,981
Reserves		17,278	(87,522)*
Accumulated losses	19	(1,306,932)	(2,494,789)*
<b>Parent interests</b>		<b>1,483,641</b>	<b>(1,252,330)</b>
Non-controlling interest – third party	20	-	774
<b>Total equity / (deficiency)</b>		<b>1,483,641</b>	<b>(1,251,556)</b>

\* These figures have been restated on account of the Group's early adoption of AASB 9 (refer to Note 1(c)).

**CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$'000	2012 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		1,656,765	2,026,531
Payments to suppliers and employees		(1,550,987)	(1,813,374)
Dividends received – associates		25,270	24,896
Interest received		5,419	12,195
Interest and other costs of finance paid		(174,775)	(267,693)
Income tax (paid) / refunded		-	295
<b>Net cash flows from / (used in) operating activities</b>	22(b)	<b>(38,308)</b>	<b>(17,150)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(17,817)	(33,681)
Proceeds on disposal of property, plant and equipment		46	119
Proceeds on disposal of subsidiary		500,715	43,388
Purchase of venue ticketing rights		(21,174)	(10,592)
Sale/(purchase) of investments in listed or unlisted equities		317	(7,690)
Purchase of other intangible assets		(3,043)	(1,872)
<b>Net cash flows from/(used in) investing activities</b>		<b>459,044</b>	<b>(10,328)</b>
<b>Cash flows from financing activities</b>			
Recapitalisation costs paid		(48,351)	-
Buy back of shares		(1,555)	(1,400)
Proceeds from borrowings		832,427	66,000
Repayment of borrowings		(1,082,153)	(53,599)
Distributions to Non-controlling interests		(762)	(2,120)
<b>Net cash flows from/(used in) financing activities</b>		<b>(300,394)</b>	<b>8,881</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>120,342</b>	<b>(18,597)</b>
Cash and cash equivalents at the beginning of the financial year		272,108	290,705
<b>Cash and cash equivalents at the end of the financial year</b>	22(a)	<b>392,450</b>	<b>272,108</b>

**NINE ENTERTAINMENT CO. HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2013**

	Contributed Equity	Foreign Currency Translation Reserve	Net Unrealised Gains Reserve	Cash Flow Hedge Reserve	Share Based Payments Reserve	Retained Earnings	Other Reserve	Owners of the Parent - Total	Non- controllin g Interest - 3 <sup>rd</sup> Party	TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 July 2012	1,329,981	(25,577)	(3,465)	(62,445)	3,965	(2,494,789)	-	(1,252,330)	774	(1,251,556)
Profit/(loss) for the year	-	-	-	-	-	1,187,857	-	1,187,857	(360)	1,187,497
Other Comprehensive Income for the year	-	22,725	8,383	74,486	-	-	-	105,594	-	105,594
<b>Total Comprehensive Income for the year</b>	-	<b>22,725</b>	<b>8,383</b>	<b>74,486</b>	-	<b>1,187,857</b>	-	<b>1,293,451</b>	<b>(360)</b>	<b>1,293,091</b>
<b>Transactions with owners in their capacity as owners:</b>										
Share buy-back	(1,627)	-	-	-	-	-	-	(1,627)	-	(1,627)
Dividends paid	-	-	-	-	-	-	-	-	(762)	(762)
Issuance of shares	1,460,000	-	-	-	-	-	-	1,460,000	-	1,460,000
Transaction costs, net of tax	(11,888)	-	-	-	-	-	-	(11,888)	-	(11,888)
Transfer to other reserve	(3,171)	-	-	-	-	-	3,171	-	-	-
Share based payment	-	-	-	-	(3,965)	-	-	(3,965)	-	(3,965)
Transfer to parent	-	-	-	-	-	-	-	-	348	348
<b>At 30 June 2013</b>	<b>2,773,295</b>	<b>(2,852)</b>	<b>4,918</b>	<b>12,041</b>	-	<b>(1,306,932)</b>	<b>3,171</b>	<b>1,483,641</b>	-	<b>1,483,641</b>

	Contributed Equity	Foreign Currency Translation Reserve	Net Unrealised Gains Reserve	Cash Flow Hedge Reserve	Share Based Payments Reserve	Retained Earnings	Owners of the Parent - Total	Non- controlling Interest - 3 <sup>rd</sup> Party	TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 July 2011	1,331,381	(23,531)	3,994	(56,368)	4,452	(1,526,453)	(266,525)	2,141	(264,384)
Profit/(loss) for the year	-	-	-	-	-	(968,336)*	(968,336)	1,928	(966,408)
Other Comprehensive Income for the year	-	(2,046)	(7,459)*	(6,077)	-	-	(15,582)	-	(15,582)
<b>Total Comprehensive Income for the year</b>	-	<b>(2,046)</b>	<b>(7,459)</b>	<b>(6,077)</b>	-	<b>(968,336)</b>	<b>(983,918)</b>	<b>1,928</b>	<b>(981,990)</b>
<b>Transactions with owners in their capacity as owners:</b>									
Share buy-back	(1,400)	-	-	-	-	-	(1,400)	-	(1,400)
Dividends paid	-	-	-	-	-	-	-	(2,120)	(2,120)
Share based payment	-	-	-	-	(487)	-	(487)	-	(487)
Transfer to parent	-	-	-	-	-	-	-	(1,175)	(1,175)
<b>At 30 June 2012</b>	<b>1,329,981</b>	<b>(25,577)</b>	<b>(3,465)*</b>	<b>(62,445)</b>	<b>3,965</b>	<b>(2,494,789)*</b>	<b>(1,252,330)</b>	<b>774</b>	<b>(1,251,556)</b>

\* These figures have been restated on account of the Group's early adoption of AASB 9 (refer to Note 1(c)).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a) Basis of preparation**

This financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value and investments in associates which have been accounted for using the equity method.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

The financial report of Nine Entertainment Co. Holdings Limited and its controlled entities for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 18 September 2013.

**b) Statement of compliance**

The financial report complies with Australian Accounting Standards. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

**c) Changes in accounting policies**

The Group has elected to early adopt AASB 9 *Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9*, effective from 1 July 2010. The Company has applied the transitional provisions contained in AASB 9.

Under the standard, investments in listed or unlisted entities are required to be carried at fair value. The standard requires that an election be made as to whether changes in fair value are recorded in the income statement or are taken directly to reserves. This election is made on an asset-by-asset basis and is irrevocable. The Group has elected to take all changes in the fair value of investments in listed or unlisted equities on hand at balance date through reserves, which has resulted in a decrease of \$5,296,589 in opening carried forward losses and a decrease of \$5,296,589 in opening net unrealised gains reserves.

Equity instruments that are held for trading, or equity derivatives which include unquoted options in equity instruments, are not eligible to be measured at fair value through reserves under AASB 9.

*Accounting standards and interpretations issued but not yet effective*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting year ended 30 June 2013:

In September 2011, a Revised AASB 119 *Employee Benefits* was issued and will be effective for the Group for the financial year ending 30 June 2014. Management have reviewed the impact from adoption of this standard. The main change will be that the "corridor approach" will no longer be applicable and the "equity approach" be adopted. The effect of this is that the current unbooked loss of \$1.3m (refer to note 24), would be recognised on the balance sheet with the corresponding entry to reserves. It is not expected that there will be an impact on income.

All other standards are not expected to have a material impact on the Group's financial position or performance in subsequent reporting years.

**d) Basis of consolidation**

The consolidated financial statements are those of the consolidated entity, comprising Nine Entertainment Co. Holdings Limited (the parent entity) and all entities that Nine Entertainment Co. Holdings Limited controlled from time to time during the year and at reporting date.

Information from the financial statements of subsidiaries is included from the date the parent entity obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which the parent entity has control.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****d) Basis of consolidation (continued)**

Subsidiary acquisitions are accounted for using the purchase method of accounting. The financial statements of subsidiaries are prepared for the same reporting year as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

**e) Significant accounting estimates, judgements and assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates, judgements and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

*Impairment of goodwill and television licences with indefinite useful lives*

The Group determines whether goodwill and television licences with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and television licences with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and television licences with indefinite useful lives are discussed in Note 14.

*Onerous Contract Provisions*

The Group has recognised an onerous contract provision in relation to its television program purchase commitments. Refer to Note 17 for disclosure of the assumptions included in the calculation of the provision.

*Recognition of income tax losses*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 4.

*Valuation and hedging assessment of derivatives*

Fair values of hedging instruments are determined using valuation techniques which require a degree of judgement to establish inputs for utilisation in the models. See Note 31(a) for further discussion.

**f) Income tax**

Current tax liabilities are measured at the amount expected to be paid to the taxation authorities based on the current year's taxable income. The tax rules and tax laws used to complete the amount are those that are enacted at the balance date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****f) Income tax (continued)**

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in other comprehensive income and not in the profit or loss for the year.

**g) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**h) Foreign currency translation**

Both the functional and presentation currency of Nine Entertainment Co. Holdings Limited and its Australian subsidiaries is Australian dollars (A\$). Each foreign entity in the Group determines its own functional currency and items included in the financial statements of each foreign entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial report are taken to the statement of comprehensive income, with the exception of those items that are designated as hedges which are recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Nine Entertainment Co. Holdings Limited at the rate of exchange ruling at the reporting date and the statements of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on translation are taken directly to a separate component of equity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****h) Foreign currency translation (continued)**

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Statement of Comprehensive Income.

**i) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand, and short-term deposits.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**j) Trade and other receivables**

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis at each division. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original trade terms. Factors considered as objective evidence of impairment include ageing and timing of expected receipts and the creditworthiness of counterparties. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows.

**k) Inventories**

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**l) Program rights**

Television programs which are available for use, including those acquired overseas, are recorded at cost less amounts charged to the Statement of Comprehensive Income based on management's assessment of the future year of benefit, which is regularly reviewed with additional write downs made as considered necessary.

**m) Investments and Other Financial Assets**

Certain of the Group's investments are categorised as investments in listed or unlisted equities under AASB9 – Financial Instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

***Recognition and derecognition***

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****m) Investments and Other Financial Assets (continued)***Subsequent Measurement*

Investments in listed or unlisted equities are those non-derivative financial assets, principally equity securities that are designated as not classified under AASB9. After initial recognition, investments in listed or unlisted equities are measured at fair value with gains or losses being recognised as a separate component of equity.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing models, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

**n) Investments in associates**

The Group's investments in its associates are accounted for under the equity method of accounting in the consolidated financial statements. These are entities in which the Group has significant influence and which are neither subsidiaries or joint ventures.

The financial statements of the associates are used by the Group to apply the equity method.

The investment in the associates is carried in the consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated Statement of Comprehensive Income reflects the Group's share of the results of operations of the associates.

Where there has been a change recognised directly in the associates' equity, the Group recognises its share of any movements directly in equity.

**o) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation and amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Freehold buildings – 20 to 40 years

Leasehold improvements - lease term

Plant and equipment – 2 to 15 years

The assets residual values, useful lives and amortisation methods are reviewed and adjusted as appropriate each year end.

*Impairment*

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**o) Property, plant and equipment (continued)**

*Disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected to arise from the continued use or disposal of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income in the year the item is derecognised.

**p) Borrowing costs**

Interest is recognised as an expense when it is incurred. Debt establishment costs are capitalised and expensed over the term of the loan.

**q) Intangible assets**

**Licences**

Licences are carried at cost less any accumulated impairment losses.

Television licences are renewable every five years under the provisions of the Broadcasting Services Act 1992. Whilst certain of the television licences continue to be subject to Government legislation and regulation by the Australian Communications and Media Authority, the directors have no reason to believe the licences will not be renewed.

The directors regularly assess the carrying value of licences so as to ensure they are not carried at a value greater than their recoverable amount.

No amortisation is provided against these assets as the directors consider that the lives of the licences are indefinite life intangible assets.

**Goodwill**

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****q) Intangible assets (continued)****Other intangible assets***Acquired both separately and from a business combination*

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Venue ticketing rights are amortised over their contractual period. Where amortisation is charged on assets with finite lives, this expense is taken to the Statement of Comprehensive Income.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the net asset is derecognised.

**r) Recoverable amount of assets**

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**s) Trade and other payables**

Trade and other payables are carried at amortised cost.

Liabilities are brought to account for amounts payable in relation to goods received and services rendered, whether or not billed to the Group at reporting date. The Group operates in a number of diverse markets, and accordingly the terms of trade vary by business.

**t) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised costs using the effective interest method.

**u) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other events, it is probable that a future sacrifice of economic benefit will be required and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****u) Provisions (continued)**

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

**v) Pensions and other post employment benefits**

The Group contributes to a defined benefit superannuation fund which requires contributions to be made to a separately administered fund. Actuarial gains and losses on the defined benefits fund are recognised as a separate component of equity.

The cost of providing benefits under the defined benefit plan is determined separately for each plan using the projected unit credit actuarial valuation method.

**w) Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to balance date including related on-costs. The benefits include wages and salaries, incentives, compensated absences and other benefits, which are charged against profits in their respective expense categories when services are provided or benefits vest with the employee.

The provision for employee benefits is measured at the remuneration rates expected to be paid when the liability is settled. Benefits expected to be settled after twelve months from the reporting date are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and years of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**x) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or equipment or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

**y) Derecognition of financial instruments**

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****z) Derivative financial instruments**

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges (interest rate swaps) which meet the conditions for special hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in profit or loss for the year.

Any gain or loss attributable to the hedged risk on re-measurement of the hedged item is adjusted against the carrying amount of the hedged item and recognised in profit or loss for the year. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised through the profit or loss for the year such that it is fully amortised by maturity.

In relation to cash flow hedges (forward foreign currency contracts and cross currency principal and interest rate swaps and options) to hedge firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the profit or loss for the year. When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to profit or loss in the same year in which the hedged firm commitment affects net profit or loss, for example when the future sale actually occurs.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair values or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the year.

**aa) Impairment of financial assets**

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

***Financial assets carried at amortised cost***

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie: the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss for the year.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****aa) Impairment of financial assets (continued)**

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss for the year, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

**ab) Contributed equity**

Ordinary shares are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Company, less transaction costs.

**ac) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Television*

Revenue for advertising and media activities is recognised when the advertisement has been broadcast/displayed or the media service has been performed.

*Events*

Revenue from ticketing operations primarily consists of booking and service/delivery fees charged at the time a ticket for an event is sold and is recorded on a net basis (net of the face value of the ticket). This revenue is recognised at the time of the sale.

Revenue from the promotion and production of an event is recognised in the month the performance occurs (event maturity).

*Interest*

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

**ad) Non-Controlling Interests**

Non-Controlling Interests not held by the Group are allocated their share of net profit after tax in the Statement of Comprehensive Income and are presented within equity in the Statement of Financial Position.

Amounts described as Non-Controlling Interest - third party represent the economic interests in controlled entities not owned by shareholders of the company.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****ae) Business combinations**

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in a business combination, the fair value of the instruments is their published price at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuations methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any Non-Controlling interest. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets required.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

**af) Share-based payments**

The Group provides benefits to certain members of the Board of Directors in the form of restricted share units ("RSUs").

The cost of the RSUs is measured by reference to the fair value of the equity instruments at the date which they are granted. The cost of the transactions is recognised, together with a corresponding increase in equity, over the period in which the timing conditions are fulfilled, ending on the date on which the relevant Directors become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date, until vesting dates, reflects the extent to which the vesting period has expired.

**ag) Comparatives**

Certain balances in the prior year have been restated due to the early adoption of AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**2(a). SEGMENT INFORMATION**

The Chief Operating Decision Makers (determined to be the Board of Directors) review and manage the business based on the following reportable segments:

- The television segment includes free to air television activities.
- The events segment includes the operation of Allphones Arena, a multipurpose indoor facility, and Ticketek, a ticketing partner to the sports and live entertainment industry.
- The digital segment is the Group's share of the associates' net profit after tax.

No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on continuing operations segment EBITDA before specific items (refer to Note 2(b)(iv)) which are included in corporate costs or disclosed separately in the table below. Group finance costs, finance income and income taxes are managed on a Group basis and are not allocated to operating segments.

Australian Consolidated Press Limited was disposed of in September 2012 and was included as discontinued operations in the consolidated statement of comprehensive income. It was not classified as part of the segments identified above.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties and are eliminated on consolidation.

<b>Year ended 30 June 2013</b>	<b>Television \$'000</b>	<b>Events \$'000</b>	<b>Digital \$'000</b>	<b>Consolidated \$'000</b>
<b>(i) Segment revenue</b>				
Operating revenue	1,097,241	167,383	-	1,264,624
Inter-segment revenue	1,983	3,513	-	5,496
<b>Total segment revenue</b>	<b>1,099,224</b>	<b>170,895</b>	<b>-</b>	<b>1,270,120</b>
<b>Reconciliation of segment revenue from continuing operations to the consolidated statement of comprehensive income</b>				
Corporate interest income				7,799
Inter-segment eliminations				(5,496)
<b>Segment revenue from continuing operations per the consolidated statement of comprehensive income</b>				<b>1,272,423</b>
<b>(ii) Segment result</b>				
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	178,165	57,283	-	235,448
Depreciation and amortisation	(21,012)	(23,340)	-	(44,352)
<b>Segment earnings before interest and tax (EBIT)</b>	<b>157,153</b>	<b>33,943</b>	<b>-</b>	<b>191,096</b>
Share of associates' net profit after tax	-	-	36,896	36,896
<b>Segment EBIT after share of associate</b>	<b>157,153</b>	<b>33,943</b>	<b>36,896</b>	<b>227,992</b>
<b>Reconciliation of segment EBIT after share of associate to profit from continuing operations before tax in statement of comprehensive income</b>				
Corporate costs				(26,253)
Finance income				7,799
Finance costs				(246,589)
Impairment of assets				(120,635)
Net gain on restructure				1,348,512
<b>Profit from continuing operations before tax per the consolidated statement of comprehensive income</b>				<b>1,190,826</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**2(a). SEGMENT INFORMATION (continued)**

<b>Year ended 30 June 2012</b>	<b>Television \$'000</b>	<b>Events \$'000</b>	<b>Digital \$'000</b>	<b>Consolidated \$'000</b>
<b>(i) Segment revenue</b>				
Operating revenue	1,033,333	146,929	-	1,180,262
Inter-segment revenue	4,115	2,333	-	6,448
<b>Total segment revenue</b>	<b>1,037,448</b>	<b>149,262</b>	<b>-</b>	<b>1,186,710</b>
<b>Reconciliation of segment revenue from continuing operations to the consolidated statement of comprehensive income</b>				
Corporate interest income				11,202
Other corporate revenue				5,470
Inter-segment eliminations				(6,448)
<b>Segment revenue from continuing operations per the consolidated statement of comprehensive income</b>				<b>1,196,934</b>
<b>(ii) Segment result</b>				
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	195,904	56,200	-	252,104
Depreciation and amortisation	(19,791)	(21,225)	-	(41,016)
<b>Segment earnings before interest and tax (EBIT)</b>	<b>176,113</b>	<b>34,975</b>	<b>-</b>	<b>211,088</b>
Share of associates' net profit after tax	-	-	25,222	25,222
<b>Segment EBIT after share of associate</b>	<b>176,113</b>	<b>34,975</b>	<b>25,222</b>	<b>236,310</b>
<b>Reconciliation of segment EBIT after share of associate to loss from continuing operations before tax in statement of comprehensive income</b>				
Corporate costs				(94,970)
Finance income				11,202
Finance costs				(394,322)
Impairment of assets				(778,292)
<b>Loss from continuing operations before tax per the consolidated statement of comprehensive income</b>				<b>(1,020,072)</b>

**Geographic information**

A majority of the Group's external revenues arise out of sales to customers within Australia.

**Major customers**

The Group did not have any customers which accounted for more than 10% of the operating revenue for the year (2012: nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$'000	2012 \$'000
<b>2(b).REVENUE AND EXPENSES</b>		
Profit before income tax expense includes the following revenues and expenses:		
<b>(i) Revenues and income from continuing operations</b>		
Revenue from rendering services	1,264,577	1,185,564
Profit on sale of non current assets	47	168
Interest	7,799	11,202
	<b>1,272,423</b>	<b>1,196,934</b>
<b>(ii) Expenses from continuing operations</b>		
Television activities	955,468	924,483
Other activities	144,313	145,131
	<b>1,099,781</b>	<b>1,069,614</b>
<b>(iii) Other Expense Disclosures from continuing operations</b>		
<i>Depreciation of non-current assets</i>		
Buildings	2,719	1,786
Plant and equipment	20,820	21,341
	<b>23,539</b>	<b>23,127</b>
<i>Amortisation of non-current assets</i>		
Plant and equipment under finance lease	97	92
Leasehold property	1,352	1,168
Ticketing rights	17,720	15,287
Other assets	1,669	1,454
	<b>20,838</b>	<b>18,001</b>
Total depreciation and amortisation expense	<b>44,377</b>	<b>41,128</b>
Salary and employee benefit expense <i>(included in expenses above)</i>	<b>281,362</b>	<b>272,835</b>
Program rights <i>(included in expenses above)</i>	<b>472,504</b>	<b>379,730</b>
<b>(iv) Specific items</b>		
<i>From continuing operations:</i>		
Restructuring costs	5,002	6,041
Writedown of other assets	285	30,655
Provision for onerous contracts	10,495	32,482
Project related costs	-	11,550
Specific items included in expenses above	<b>(15,782)</b>	<b>(80,728)</b>
Impairment of assets	<b>(120,635)</b>	<b>(778,292)</b>
Net gain on restructure (refer to Note 18(a))	<b>1,348,512</b>	<b>-</b>
<b>Net profit/(loss) on specific items from continuing operations</b>	<b>1,212,095</b>	<b>(859,020)</b>
<b>(v) Finance Costs from continuing operations</b>		
Finance costs expensed:		
Interest on Debt facilities	232,803	372,706
Amortisation of Debt Facility establishment costs	13,763	21,588
Finance leases	23	28
	<b>246,589</b>	<b>394,322</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**3. DIVIDENDS PAID AND PROPOSED**

**(a) Dividends appropriated during the financial year**

Nine Entertainment Co. Holdings Limited did not declare or pay any dividends during the reporting year and has not declared any dividend subsequent to 30 June 2013.

**(b) Franking credits**

Nine Entertainment Co. Holdings Limited had a franking account balance as follows:

	<b>2013</b> \$'000	<b>2012</b> \$'000
Franking account balance as at the beginning of the financial year	<b>64,405</b>	54,170
Franking credits that arise from the receipt of dividends recognised as revenue during the year	<b>10,852</b>	10,235
<b>Franking account balance at the end of the financial year</b>	<b>75,257</b>	64,405

	<b>2013</b> \$'000	<b>2012</b> \$'000
<b>4. INCOME TAX</b>		
<b>(a) Income tax expense</b>		
The prima facie tax expense, using tax rates applicable in the country of operation, on profit differs from income tax provided in the financial statements as follows:		
Profit/(loss) from continuing operations	<b>1,190,826</b>	(1,020,072)
Profit/(loss) from discontinued operations – Australian Consolidated Press Limited	<b>(10,299)</b>	55,182
Profit/(loss) before income tax	<b>1,180,527</b>	(964,890)
Prima facie income tax expense/(benefit) at the Australian rate of 30%	<b>354,158</b>	(289,467)
Tax effect of:		
Share of associates' net profits	<b>(11,051)</b>	(7,638)
Impairment	<b>36,191</b>	245,488
Loss/(gain) on disposal of investments and assets	<b>(8,565)</b>	2,502
Debt deduction denied from deduction under thin capitalisation regime	<b>-</b>	41,592
Net gain on restructure	<b>(367,889)</b>	-
Tax losses brought to account	<b>(5,874)</b>	(864)
Current tax losses not recognised	<b>-</b>	5,260
Other items – net	<b>(3,940)</b>	4,645
<b>Income tax expense/(benefit)</b>	<b>(6,970)</b>	1,518
Current tax expense/(benefit)	<b>(21,317)</b>	5,439
Deferred tax expense/(benefit) relating to the origination and reversal of temporary differences	<b>14,347</b>	(3,921)
	<b>(6,970)</b>	1,518
Aggregate income tax expense / (benefit) is attributable to:		
Continuing operations	<b>(9,991)</b>	(26,792)
Discontinued operations	<b>3,021</b>	28,310
	<b>(6,970)</b>	1,518

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$'000	2012 \$'000
<b>4. INCOME TAX (continued)</b>		
<b>(b) Deferred income taxes</b>		
Deferred income tax assets	134,950	97,335
Deferred income tax liabilities	(156,412)	(103,169)
<b>Net deferred income tax assets/(liabilities)</b>	<b>(21,462)</b>	<b>(5,834)*</b>

	2013 \$'000	2012 \$'000	P&L Expense Movement \$'000
<b>(c) Deferred income tax assets and liabilities at the end of the financial year</b>			
TV licence fees accrued	14,585	13,202	(1,383)
Employee benefits provision	10,917	14,944	4,027
Other provisions and accruals	32,944	34,224	1,280
Income tax losses carried forward	64,684	-	(64,684)
Investments in associates	(1,869)	(498)	90
Accelerated depreciation for tax purposes	(153,493)	(94,120)	59,373
Derivative instruments	22	28,362	28,340
Other	10,748	(1,948)	(12,696)
<b>Net deferred income tax assets/(liabilities)</b>	<b>(21,462)</b>	<b>(5,834)*</b>	<b>14,347</b>

	2013 \$'000	2012 \$'000
<b>(d) Deferred income tax assets not brought to account</b>		
Income tax losses	-	99,163
Capital losses	126,535	-

\* The 2012 deferred tax reconciliation above includes the discontinued operations deferred tax asset of \$15,194 (refer to Note 5).

The income tax benefit includes deferred income tax debited of \$3,812,000 (2012: \$63,000 credited) directly to equity in relation to the fair value movement on cash flow hedges, fair value movement in investments in listed or unlisted equities and transaction costs for the issuance of capital.

**(e) Tax consolidation**

Effective 6 June 2007, for the purposes of income taxation, Nine Entertainment Co. Holdings Limited and its 100% owned Australian subsidiaries formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Nine Entertainment Co. Holdings Limited.

The parent entity has recognised the current tax liability of the tax consolidated group.

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes to members of the tax consolidated group in accordance with their taxable income for the year. The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the head entity, Nine Entertainment Co. Holdings Limited. The group has applied the group allocation approach to determine the appropriate amount of current and deferred tax to allocate to each member of the tax consolidated group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$'000	2012 \$'000
<b>5. DISCONTINUED OPERATIONS - Australian Consolidated Press Limited Group</b>		
On 30 September 2012 the Group sold its 100% shareholding in its subsidiary, Australian Consolidated Press Limited Group.		
<b>(a) Financial performance of the operations disposed:</b> <i>The results of the discontinued operations for the period prior to disposal (2012: year ended 30 June 2012) are presented below:</i>		
Revenue	149,277	661,916
Expenses	(139,515)	(606,787)
Finance Costs	(55)	(186)
Share of associated entity profit / (loss)	(60)	239
Loss on disposal	(19,946)*	-
Profit/(loss) before tax	(10,299)	55,182
Income tax expense	(3,021)	(28,310)
<b>Profit/(loss) for the year from discontinued operations</b>	<b>(13,320)</b>	<b>26,872</b>

\* The loss on disposal includes the recycling of the foreign currency translation reserve loss of \$22,089,000 through profit and loss.

	2013	2012
<b>(b) Earnings per share</b>		
Basic and diluted, loss for the period to disposal (2012: year ended 30 June) from discontinued operation	\$(0.17)	N/A <sup>1</sup>

<sup>1</sup> During 2013, the Company consolidated its ordinary shares into 1 share (refer to Note 18). Due to the treatment of the share consolidation per the accounting standards, this results in the weighted average number of shares for 2012 being 1 share.

	2012 \$'000
<b>(c) Assets and liabilities of disposed entity</b> <i>The major classes of assets and liabilities of Australian Consolidated Press Limited Group held for sale and subsequently disposed of were as follows:</i>	
<b>Assets</b>	
Intangibles	487,418
Investments in associates	12,112
Deferred tax assets	15,194
Property plant and equipment	29,372
Trade and other receivables	85,337
Cash and cash equivalents	34,504
Inventory	20,634
Other assets	4,210
	688,781
<b>Liabilities</b>	
Trade and other payables	165,848
Provisions	31,598
	197,446
<b>Net assets attributable to discontinued operations</b>	<b>491,335</b>
Net assets attributable to equity holders of the Parent	490,561
Net assets attributable to third party shareholder	774
	491,335



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

<b>5. DISCONTINUED OPERATIONS (continued) - Australian Consolidated Press Limited</b>	<b>2013</b>	<b>2012</b>
	\$'000	\$'000
<b>(d) The net cash flows of Australian Consolidated Press Limited Group are as follows:</b>		
Operating activities	13,686	93,432
Investing activities	(20)	29,988
Financing activities	(762)	(113,909)
<b>Net cash inflow</b>	<b>12,904</b>	<b>9,511</b>
Net cash inflow on disposal		
Cash consideration (net of associated costs)	500,715	
Less cash and cash equivalents balance disposed of	-	
<b>Reflected in the consolidated statement of cash flows</b>	<b>500,715</b>	

	<b>2013</b>	<b>2012</b>
	\$'000	\$'000
<b>6. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade receivables <sup>1</sup>	250,446	235,848
Provision for doubtful debts	(1,151)	(1,152)
	<b>249,295</b>	<b>234,696</b>
Loans to associated entities <sup>2</sup>	-	802
Other receivables	14,679	14,347
	<b>14,679</b>	<b>15,149</b>
	<b>263,974</b>	<b>249,845</b>
<b>Non Current</b>		
Loans to related parties <sup>3</sup>	3,066	2,660
Other receivables	-	72
	<b>3,066</b>	<b>2,732</b>

<sup>1</sup> Trade receivables are non-interest bearing and are generally on 30-60 day terms.

<sup>2</sup> Current loans to associated entities are non-interest bearing and are repayable at call.

<sup>3</sup> Non-current loans to related parties are non-interest bearing and are repayable at call.

**(a) Allowance for impairment loss**

A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. A gain on reversal of impairment of \$187,000 (2012: reversal \$144,000) has been recognised by the Group in the current period.

Operating divisions each have follow up procedures including contact with debtors to discuss collection of outstanding debts. Impairment provisions are recorded for those debtors where the likelihood of collection is unlikely.

Related Party and Other receivables do not contain impaired assets and are not past due. It is expected that these balances will be received when due.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**6. TRADE AND OTHER RECEIVABLES (continued)**

Movements in the provision for impairment loss were as follows:

	<b>2013</b> \$000	<b>2012</b> \$000
Balance at the beginning of the year	(1,152)	(4,914)
Credit / (charge) for the year	(187)	(144)
Discontinued operations	-	2,031
Amounts written off to bad debts expense	188	1,875
<b>Balance at the end of the year</b>	<b>(1,151)</b>	<b>(1,152)</b>

The ageing analysis of trade receivables is as follows:

		<b>Total</b>	<b>Current</b>	<b>Current CI*</b>	<b>0-30 Days PDNI*</b>	<b>0-30 Days CI*</b>	<b>31-60 Days PDNI*</b>	<b>31-60 Days CI*</b>	<b>61+ Days PDNI*</b>	<b>61+ Days CI*</b>
2013	Consolidated	250,446	120,328	-	118,322	-	3,021	-	7,624	1,151
2012	Consolidated	235,848	119,604	-	105,871	-	2,340	-	6,881	1,152

\* Past due but not impaired ('PDNI') or Considered impaired ('CI')

The trade receivables which are past due but not impaired are considered to be recoverable in full.

**(b) Credit risk**

The maximum exposure to credit risk is the carrying amount of current receivables. For those non-current receivables, the maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables. Collateral is not held as security.

	<b>2013</b> \$'000	<b>2012</b> \$'000
<b>7. INVENTORIES</b>		
<b>Current</b>		
Raw materials (at cost)	742	799
<b>8. PROGRAM RIGHTS</b>		
<b>Current</b>		
Program rights	182,168	167,961
Stock provision	(9,981)	(16,395)
	172,187	151,566
<b>Non Current</b>		
Program rights	67,092	68,423

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

<b>9. OTHER ASSETS</b>	<b>2013</b> \$'000	<b>2012</b> \$'000
<b>Current</b>		
Prepayments	5,642	7,208
Other	14,948	5,858
	<b>20,590</b>	13,066
<b>Non Current</b>		
Prepayment	80,000	-
Defined Benefit Fund Asset	6,386	6,288
Other	80	6,617
	<b>86,466</b>	12,905
<b>10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD</b>		
<b>a) Non Current</b>		
<i>Investments at equity accounted amount:</i>		
Associated entities – unlisted shares	136,507	245,516
<b>Total investments in associates</b>	<b>136,507</b>	245,516

<b>b) Investments in Associates</b>	<b>Reporting Date</b>	<b>Principal Activity</b>	<b>Country of Incorporation or Residence</b>	<b>% Interest'</b>	
				<b>2013</b>	<b>2012</b>
ninemsn Pty Ltd	30 June	Provider of online content and services	Australia	50	50
Australian News Channel Pty Ltd	30 June	Pay TV news service	Australia	33	33
Northern & Shell Pacific Ltd <sup>1</sup>	30 June	Magazine Publishing	Australia	-	50
Hi-5 Operations Pty Ltd	30 June	Television production & merchandising	Australia	-	50
TX Australia Pty Ltd	30 June	Television transmission	Australia	33	33
Oztam Pty Ltd	30 June	Television audience measurement	Australia	33	33
XChangeIT Software Pty Limited	30 June	Electronic Data Transfer Services	Australia	-	33
Post ACP Company Limited <sup>1</sup>	30 June	Magazine Publishing	Thailand	-	49

<sup>1</sup> The proportion of ownership interest is equal to the proportion of voting power held.

	<b>2013</b> \$'000	<b>2012</b> \$'000
<b>c) Share of associates' revenue and profits<sup>1</sup></b>		
Share of associates':		
Revenue	96,872	119,140
Operating profit before income tax	50,364	34,993
Income tax expense	(13,468)	(9,771)
<b>Share of associates' net profit after income tax from continuing operations</b>	<b>36,896</b>	25,222

<sup>1</sup>Included within discontinued operations (note 5) is a share of associates' loss of \$60,000 (2012: profit of \$239,000).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$'000	2012 \$'000
<b>10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)</b>		
<b>d) Carrying amount of investments in associates</b>		
Balance at the beginning of the financial year	245,516	278,184
Share of associates' net profit for the year	36,896	25,461
Dividends received or receivable	(25,270)	(24,896)
Impairment and write down of investments	(120,635)	(22,000)
Reclassification to amounts due from associates	-	838
Other movements	-	41
Discontinued operations (Note 5)	-	(12,112)
<b>Carrying amount of investments in associates at the end of the financial year</b>	<b>136,507</b>	<b>245,516</b>
Represented by:		
Investments at equity accounted amount:		
ninemsn Pty Ltd	100,000	211,204
Australian News Channel Pty Ltd	31,165	30,019
Other	5,342	4,293
	<b>136,507</b>	<b>245,516</b>
<b>e) The consolidated entity's share of the assets and liabilities of associates in aggregate</b>		
Current assets	59,424	32,823
Non-current assets	42,678	53,034
Current liabilities	(30,690)	(22,259)
Non-current liabilities	(8,615)	(10,773)
<b>Net assets</b>	<b>62,797</b>	<b>52,825</b>

**f) Impairment**

*Australian News Channel Pty Ltd (Sky News) / ninemsn Pty Ltd*

The key assumptions on which management has based its cash flow projections when determining the value-in-use calculations for Australian News Channel and ninemsn are:

- a pre-tax discount rate applied to the cash flow projections of 17.8% (2012: 16.0%) for ninemsn, 15.4% (2012: 16.0%) for Australian News Channel which reflects management's best estimate of the time value of money and the risks specific to the investment's market not already reflected in the cash flows; and
- terminal growth rate of 4% for ninemsn and 3% for Australian News Channel.

Impairment losses were recognised following assessment of their recoverable amounts. The impairment for ninemsn reflects changes to the advertising units following changes in technology products offered.

Any reasonable adverse change in key assumptions would result in further impairment of the investments.

**NINE ENTERTAINMENT CO. HOLDINGS LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$'000	2012 \$'000
<b>11. INVESTMENT IN LISTED OR UNLISTED EQUITIES</b>		
Opening balance at 1 July	8,060	2,069
Purchase/(disposal) of Australian shares	(278)	15,580
Mark to market of investment in listed or unlisted equities	9,567	-
Impairment	-	(9,589)
<b>Closing balance at 30 June</b>	<b>17,349</b>	<b>8,060</b>

The financial asset is classified as a level 1 instrument as described in Note 31(a). Fair value was determined with reference to a quoted market price.

	Freehold land and buildings \$'000	Leasehold improvements \$'000	Plant & equipment \$'000	Construction work in progress \$'000	Leased plant & equipment \$'000	Total property, plant and equipment \$'000
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>						
<b>Year ended 30 June 2013</b>						
At 30 June 2012, net of accumulated depreciation and impairment	54,560	11,378	86,742	16,241	317	169,238
Additions	2,118	145	7,653	7,024	-	16,940
Transfer from construction work in progress	-	-	3,487	(3,487)	-	-
Disposals	-	-	-	-	(30)	(30)
Depreciation expense	(2,719)	-	(20,820)	-	-	(23,539)
Amortisation expense	-	(1,352)	-	-	(97)	(1,449)
<b>At 30 June 2013, net of accumulated depreciation and impairment</b>	<b>53,959</b>	<b>10,171</b>	<b>77,062</b>	<b>19,778</b>	<b>190</b>	<b>161,160</b>
<b>Year ended 30 June 2012</b>						
At 30 June 2011, net of accumulated depreciation and impairment	46,158	13,408	92,282	46,077	220	198,145
Additions	1,907	2,697	11,320	16,908	196	33,028
Transfer from construction work in progress	8,281	-	25,674	(33,948)	(7)	-
Disposals	-	(27)	(750)	-	-	(777)
Depreciation expense	(1,786)	-	(28,118)	-	-	(29,904)
Amortisation expense	-	(1,790)	-	-	(92)	(1,882)
Discontinued operations (Note 5)	-	(2,910)	(13,666)	(12,796)	-	(29,372)
<b>At 30 June 2012, net of accumulated depreciation and impairment</b>	<b>54,560</b>	<b>11,378</b>	<b>86,742</b>	<b>16,241</b>	<b>317</b>	<b>169,238</b>
<b>At 30 June 2013</b>						
Cost (gross carrying amount)	70,152	14,508	359,237	19,778	474	464,149
Accumulated depreciation and impairment	(16,193)	(4,337)	(282,175)	-	(284)	(302,989)
<b>Net carrying amount</b>	<b>53,959</b>	<b>10,171</b>	<b>77,062</b>	<b>19,778</b>	<b>190</b>	<b>161,160</b>
<b>At 30 June 2012</b>						
Cost (gross carrying amount)	68,032	14,523	360,068	16,241	549	459,413
Accumulated depreciation and impairment	(13,472)	(3,145)	(273,326)	-	(232)	(290,175)
<b>Net carrying amount</b>	<b>54,560</b>	<b>11,378</b>	<b>86,742</b>	<b>16,241</b>	<b>317</b>	<b>169,238</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	Television licences \$'000	Magazine mastheads \$'000	Magazine licences \$'000	Total \$'000
<b>13. LICENCES AND MASTHEADS</b>				
<b>Year ended 30 June 2013</b>				
At 30 June 2012, net of accumulated Depreciation and impairment Impairment	344,669 -	- -	- -	344,669 -
<b>At 30 June 2013, net of accumulated amortisation and impairment</b>	<b>344,669</b>	<b>-</b>	<b>-</b>	<b>344,669</b>
<b>Year ended 30 June 2012</b>				
At 30 June 2011, net of accumulated Depreciation and impairment	1,063,669	459,581	9,979	1,533,229
Disposals	-	(12,676)	-	(12,676)
Impairment	(719,000)	(40,000)	-	(759,000)
Amortisation expense	-	-	(1,324)	(1,324)
Discontinued operations (Note 5)	-	(406,905)	(8,655)	(415,560)
<b>At 30 June 2012, net of accumulated amortisation and impairment</b>	<b>344,669</b>	<b>-</b>	<b>-</b>	<b>344,669</b>
<b>At 30 June 2013</b>				
Cost (gross carrying amount)	1,201,669	-	-	1,201,669
Accumulated depreciation and impairment	(857,000)	-	-	(857,000)
<b>Net carrying amount</b>	<b>344,669</b>	<b>-</b>	<b>-</b>	<b>344,669</b>
<b>At 30 June 2012</b>				
Cost (gross carrying amount)	1,201,669	2,044,581	25,303	3,271,553
Accumulated depreciation and impairment	(857,000)	(1,637,676)	(16,648)	(2,511,324)
Discontinued operations (Note 5)	-	(406,905)	(8,655)	(415,560)
<b>Net carrying amount</b>	<b>344,669</b>	<b>-</b>	<b>-</b>	<b>344,669</b>

	Goodwill \$'000	Venue Ticketing Rights \$'000	Other <sup>(1)</sup> \$'000	Total \$'000
<b>14. OTHER INTANGIBLE ASSETS</b>				
<b>Year ended 30 June 2013</b>				
At 30 June 2012, net of accumulated Depreciation and impairment	1,186,095	30,559	4,588	1,221,242
Purchases	-	17,347	3,043	20,390
Amortisation expense	-	(17,720)	(1,669)	(19,389)
<b>At 30 June 2013, net of accumulated amortisation and impairment</b>	<b>1,186,095</b>	<b>30,186</b>	<b>5,962</b>	<b>1,222,243</b>

There were no disposals of intangible assets during the year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	<b>Goodwill</b>	<b>Venue Ticketing Rights</b>	<b>Other<sup>1</sup></b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000
<b>14. OTHER INTANGIBLE ASSETS (continued)</b>				
<b>Year ended 30 June 2012</b>				
At 30 June 2011, net of accumulated depreciation and impairment	1,311,179	31,739	4,169	1,347,087
Purchase	-	14,107	1,872	15,979
Disposals	(20,226)	-	-	(20,226)
Impairment	(33,000)	-	-	(33,000)
Amortisation expense	-	(15,287)	(1,453)	(16,740)
Discontinued operations (Note 5)	(71,858)	-	-	(71,858)
<b>At 30 June 2012, net of accumulated amortisation and impairment</b>	<b>1,186,095</b>	<b>30,559</b>	<b>4,588</b>	<b>1,221,242</b>
<b>At 30 June 2013</b>				
Cost (gross carrying amount)	<b>1,519,095</b>	<b>80,446</b>	<b>13,627</b>	<b>1,613,168</b>
Accumulated depreciation and impairment	<b>(333,000)</b>	<b>(50,260)</b>	<b>(7,665)</b>	<b>(390,925)</b>
<b>Net carrying amount</b>	<b>1,186,095</b>	<b>30,186</b>	<b>5,962</b>	<b>1,222,243</b>
<b>At 30 June 2012</b>				
Cost (gross carrying amount)	1,519,095	96,546	10,584	1,626,225
Accumulated depreciation and impairment	(333,000)	(65,987)	(5,996)	(404,983)
<b>Net carrying amount</b>	<b>1,186,095</b>	<b>30,559</b>	<b>4,588</b>	<b>1,221,242</b>

<sup>1</sup> This includes capitalised development costs being an internally generated intangible asset.

*(a) Allocation of non-amortising intangibles and goodwill*

The consolidated entity has allocated goodwill and licences to the following cash generating units ("CGU"):

	<b>2013</b>	<b>2012</b>
	\$'000	\$'000
Nine Network/NBN	<b>344,669</b>	344,669
<b>Total licences</b>	<b>344,669</b>	344,669

	<b>2013</b>	<b>2012</b>
	\$'000	\$'000
Nine Network	<b>984,167</b>	984,167
NBN	<b>31,545</b>	31,545
Events	<b>170,383</b>	170,383
<b>Total goodwill</b>	<b>1,186,095</b>	1,186,095

*(b) Determination of recoverable amount*

The recoverable amount of the following CGUs is determined based on value-in-use calculations using discounted cash flow projections based on financial forecasts covering a five-year period:

- Nine Network
- NBN
- Events

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013****14. OTHER INTANGIBLE ASSETS (continued)***(c) Impairment losses recognised*

An impairment loss of \$nil on TV licences was recognised in the specific items within expenses in the year ended 30 June 2013 (2012: \$719m).

An impairment loss of \$nil on magazine mastheads was recognised in the profit from discontinued operations (note 5) in the year ended 30 June 2013 (2012: \$40m). The prior year impairment arose from the write-down of the discontinued operation to its net realisable value of \$491m.

An impairment loss of \$nil on goodwill was recognised in the specific items within expenses in the year ended 30 June 2013 (2012: \$33m). The prior year impaired goodwill related to NBN.

*(d) Key assumptions used for value-in-use calculations*

The key assumptions on which management has based its cash flow projections when determining the value-in-use calculations for the Nine Network are as follows:

- The East Coast Free-To-Air advertising market grows consistent with industry expectations in the 2013/14 financial year followed by growth at a rate which is consistent with the long term industry expected growth rate.
- The Nine Network's share of the East Coast Free-To-Air advertising market for the 2013/14 financial year is consistent with the ratings share achieved by the Nine Network in the 2012/13 financial year. In future years Nine Network's share of the market is assumed to remain stable.
- The pre-tax discount rate applied to the cash flow projections was 15.4% (2012: 16.0%) which reflects management's best estimate of the time value of money and the risks specific to the Free-To-Air television market not already reflected in the cash flows.
- Terminal growth rate of 3%.

The key assumptions on which management has based its cash flow projections when determining the value-in-use calculations for NBN are as follows:

- The advertising market grows consistent with industry expectations.
- The pre-tax discount rate applied to the cash flow projections was 15.4% (2012: 16.0%) which reflects management's best estimate of the time value of money and the risks specific to the Free-To-Air television market not already reflected in the cash flows.
- Terminal growth rate of 2.5%.

The key assumptions on which management has based its cash flow projections when determining the value-in-use calculations for Events are as follows:

- The events industry grows consistent with industry expectations.
- The pre-tax discount rate applied to the cash flow projections was 16.0% (2012: 15.7%) which reflects management's best estimate of the time value of money and the risks specific to the Events industries. Terminal growth rate of 2.5%.

*(e) Sensitivity*

No reasonable change in key assumptions would result in impairment of the CGUs which have not been impaired. Any reasonable adverse change in key assumptions would result in further impairment of the CGUs where the assets have already been impaired.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$'000	2012 \$'000
<b>15. TRADE AND OTHER PAYABLES</b>		
<b>Current – unsecured</b>		
Trade and other payables <sup>1</sup>	300,007	274,078
Program contract payables <sup>2</sup>	90,033	70,872
Deferred income	11,353	35,760
	<b>401,393</b>	380,710
<b>Non current – unsecured</b>		
Program contract payables <sup>2</sup>	64,427	67,822
Other	5,768	8,690
	<b>70,195</b>	76,512

<sup>1</sup> Terms of trade in relation to trade payables are, on average, 30 to 60 days from the date of invoice. The Group operates in a number of diverse markets and accordingly, the terms of trade vary by business.

<sup>2</sup> Program contract creditors are settled according to the contract negotiated with the program supplier.

	2013 \$'000	2012 \$'000
<b>16. INTEREST-BEARING LOANS AND BORROWINGS</b>		
<b>Current</b>		
Lease liabilities <sup>1</sup> secured - Note 21(b)	135	56
Bank facilities secured <sup>2</sup>	5,255	3,799,954
Loans from associate unsecured	27,550	-
	<b>32,940</b>	3,800,010
<b>Non current</b>		
Bank facilities secured <sup>2</sup>	865,225	-
Lease liabilities secured <sup>1</sup> - Note 21(b)	85	220
	<b>865,310</b>	220

<sup>1</sup> The lease and hire purchase liabilities are secured by a charge over the assets.

<sup>2</sup> The bank facility includes unamortised financing costs of \$24,399,000 (2012: \$18,453,000).

Credit facilities	Facility Type	Maturity	Committed Facility Amount '000	Facility drawn at 30 June 2013 A\$'000
<b>Senior bank facilities</b>				
Term B loan facility	Senior secured syndicated facility	5 Feb 2020	US\$830,000 (A\$894,879)	894,879
Revolving facility	Working capital and bank guarantees	5 Feb 2018	A\$100,000	16,862
Loan from associate	Unsecured loan	Due on demand	A\$27,550	27,550
Working capital facility bilateral facility	Cash advance and other transactional banking facilities	5 Feb 2014	A\$1,000	-
<b>Total debt</b>				<b>939,291 *</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**16. INTEREST-BEARING LOANS AND BORROWINGS (continued)**

**\* Reconciliation to Statement of Financial Position**

	\$'000
Total debt drawn (above)	939,291
Unamortised balance of establishment costs	(24,399)
Bank guarantees	(16,862)
Lease liabilities	220
<b>Total Debt per Statement of Financial Position</b>	<b>898,250</b>

**Term B Loan Facility**

The senior secured syndicated facility is provided by a syndicate of banks and financial institutions led by UBS. The interest rates are calculated based on the following:

<b>Net first lien leverage ratio</b>	
Greater than 2.5	LIBOR* + 2.75%
Less than or equal to 2.5	LIBOR* + 2.50%

\* A floor has been set on LIBOR at 0.75%.

Loan repayments are to be paid quarterly, commencing on 30 June 2013, to an amount equal to 0.25% of the aggregate principal amount at drawdown.

Cross currency principal and interest rate swaps and options have been entered into by the Group to hedge against the foreign currency exposure associated with this debt facility. Refer to Note 31 for additional information.

The facilities above are supported by security over the Group's assets and cash flows and group guarantees from most of the Company's wholly owned subsidiaries. Details of the assets and liabilities that form this security are included in the Extended Closed Group disclosures in Note 30. These facilities impose various affirmative and negative covenants on the Company and the Group, including restrictions on encumbrances, and customary events of default, including a payment default, breach of covenants, cross-default and insolvency events.

**Revolving Facility**

The revolving facility is provided by a syndicate of banks and financial institutions. The interest rates are calculated based on the following:

<b>Net first lien leverage ratio</b>	
Greater than 2.5	BBSY + 1.75%
Less than or equal to 2.5	BBSY + 1.50%

As part of the revolving facility, the Group is subject to certain customary financial covenants measured on a quarterly basis. The Group has been in compliance with its financial covenant requirements to date including the quarter ended 30 June 2013.

**Loan with Associate**

The loan from an associate is an unsecured loan due for repayment at the earlier of on demand by the lender or 1 July 2014. Interest is calculated daily at a rate equal to the highest rate of interest received by the lender on its own on demand cash balances.

**Debt Restructure**

In February 2013, the Company entered into a scheme of arrangement resulting in all Senior and Mezzanine debt being converted to equity and/or refinanced. Refer to Note 18 for additional information on the impact of this restructure on the debt balances.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**16. INTEREST-BEARING LOANS AND BORROWINGS (continued)**

**Assets pledged as security**

In addition to assets pledged as security over bank facilities, the carrying amounts of assets pledged as security for interest bearing liabilities are:

	2013 \$'000	2012 \$'000
<b>Finance lease</b>		
Plant and equipment - Note 13	190	317
<b>Total assets pledged as security</b>	190	317

	Employee entitlements \$'000	Onerous contracts \$'000	Other \$'000	Total \$'000
<b>17. PROVISIONS</b>				
At 30 June 2012	37,066	47,695	10,670	95,431
(Utilised)/arising during the period	3,259	(30,190)	45,580	18,649
<b>At 30 June 2013</b>	<b>40,325</b>	<b>17,505</b>	<b>56,250</b>	<b>114,080</b>
At 30 June 2011	58,250	31,832	22,383	112,465
(Utilised)/arising during the period	(6,132)	15,863	4,833	14,564
Discontinued operations (Note 5)	(15,052)	-	(16,546)	(31,598)
<b>At 30 June 2012</b>	<b>37,066</b>	<b>47,695</b>	<b>10,670</b>	<b>95,431</b>
<b>Current 2013</b>	<b>21,413</b>	<b>10,314</b>	<b>26,042</b>	<b>57,769</b>
<b>Non-current 2013</b>	<b>18,912</b>	<b>7,191</b>	<b>30,208</b>	<b>56,311</b>
	<b>40,325</b>	<b>17,505</b>	<b>56,250</b>	<b>114,080</b>
Current 2012	18,462	42,597	9,499	70,558
Non-current 2012	18,604	5,098	1,171	24,873
	37,066	47,695	10,670	95,431

**Employee Entitlements**

Refer to Note 1 (w) for a description of the nature and expected timing of provision for employee entitlements.

**Onerous contracts**

The provision for onerous contracts represents contracts, where due to changes in market conditions the income is lower than cost for which the Group is currently obligated under the contract. The net obligation under the contracts has been provided for. The provision is calculated as the net of estimated revenue and the estimate of committed program purchase commitments discounted to present values.

**Other**

The other provision includes provisions related to the services required to be provided to Australian Consolidated Press Limited as part of the disposal agreement. These are expected to be incurred over a straight-line basis over the next five years.

In addition, included in other provisions are costs relating to the restructure which are to be paid within one year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$'000	2012 \$'000
<b>18. CONTRIBUTED EQUITY</b>		
<b>Issued share capital</b>		
Ordinary shares fully paid	2,773,295	1,325,183
B Class shares fully paid	-	4,798
	<b>2,773,295</b>	<b>1,329,981</b>
<b>Movements in issued share capital</b>		
<b>Ordinary Shares</b>		
Carrying amount at the beginning of the financial year	1,325,183	1,325,183
Issuance of shares	1,460,000	-
Transaction costs due to the issuance of shares	(16,982)	-
Deferred tax asset in relation to transaction costs	5,094	-
<b>Carrying amount at the end of the financial year</b>	<b>2,773,295</b>	<b>1,325,183</b>
<b>B Class Shares</b>		
Carrying amount at the beginning of the financial year	4,798	6,198
Buy back of shares	(1,627)	(1,400)
Transfer to other reserve	(3,171)	-
<b>Carrying amount at the end of the financial year</b>	<b>-</b>	<b>4,798</b>

	2013 Number	2012 Number
<b>Issued share capital</b>		
Ordinary shares fully paid	199,999,958	381,653,647,017
B class shares fully paid	-	35,352,853
<b>Movements in issued share capital</b>		
<b>Ordinary Shares</b>		
Balance at the beginning of the financial year	381,653,647,017	381,653,647,017
Consolidation of shares	(381,653,647,016)	-
Issue of shares	199,999,957	-
<b>Balance at the end of the financial year</b>	<b>199,999,958</b>	<b>381,653,647,017</b>
<b>B Class Shares</b>		
Balance at the beginning of the financial year	35,352,853	45,183,747
Share buyback	(35,352,853)	(9,830,894)
<b>Balance at the end of the financial year</b>	<b>-</b>	<b>35,352,853</b>

**(a) Restructure**

In February 2013, the Company entered into a scheme of arrangement resulting in the restructuring of the Company. The implementation of the scheme of arrangement resulted in the following:

- The shares at the time of the restructure were consolidated into 1 share from 381,653,647,017
- A portion of the previous debt was converted into equity (199,999,957 shares)
- \$600 million was paid to the senior and subordinated beneficiaries
- A net gain on restructure of \$1,349 million was recorded in the Statement of Comprehensive Income. This consisted of a gain on debt forgiveness after issuance of equity of \$1,389 million offset by transaction costs of \$40 million associated with the restructure.
- New debt facilities were obtained, refer to Note 16 for additional information

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**18. CONTRIBUTED EQUITY (continued)**

**(b) Terms and Conditions of Contributed Equity**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up or sale of the Company in proportion to the number of shares held.

**(c) Management Equity Plan**

The B class shares described above were issued under the Management Equity Plan (MEP). During the year all B class shares were either bought back or bought back and cancelled as part of the restructuring.

The amount credited to the Statement of Comprehensive Income during the year was \$3,965,000 (2012: \$487,000). The credit in the year arose as a result of the cancellation of the MEP and disposal of Australian Consolidated Press Limited.

**19. RESERVES AND ACCUMULATED LOSSES**

*Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. During the year \$22,089,000 (2012: nil) was reclassified through profit and loss.

*Net unrealised gains reserve*

The net unrealised gains reserve records the actuarial gains and losses relating to the net surplus/(deficit) in the employer sponsored defined benefit superannuation fund and the gains and losses relating to the investment in listed or unlisted equities.

*Cash flow hedge reserve*

The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge. Refer to Note 31(b)(iv) for analysis of the effectiveness of the cash flow hedges.

*Share based payment reserve*

The share based payment reserve was used to record share based remuneration to executives in relation to B class shares. During the year \$3,965,000 (2012: \$487,000) was reversed through profit and loss.

*Other reserve*

The other reserve is used to record the issued capital for B class shares which were bought back and cancelled during the year as part of the restructure. This was reclassified from issued capital of B class shares to other reserves at the time of cancellation.

	<b>Total 2013</b>	<b>Total 2012</b>
	\$'000	\$'000
<b>20. NON-CONTROLLING INTERESTS</b>		
Reconciliation of non-controlling interests:		
Balance at the beginning of the financial period	774	2,141
Share of disposal in controlled entities	348	-
Share of operating profit/(loss)	(360)	1,928
Less dividends/distributions	(762)	(2,120)
Transfer of (profit) / losses to Parent	-	(1,175)
<b>Balance at the end of the financial year</b>	<b>-</b>	<b>774</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$'000	2012 \$'000
<b>21. EXPENDITURE COMMITMENTS</b>		
<b>(a) Capital expenditure commitments</b>		
(i) Estimated capital expenditure contracted for at balance date, but not provided for, payable:		
• within one year	4,910	5,520
(ii) Television program and sporting broadcast rights contracted for at balance date, but not provided for, payable:		
• within one year	224,124	154,693
• after one year but not more than five years	619,140	35,935
• later than five years	-	-
	<b>843,264</b>	190,628

**(b) Lease expenditure commitments**

<b>(i) Finance lease commitments:</b>	2013 \$'000	2013 \$'000	2012 \$'000	2012 \$'000
Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:	<b>Minimum lease payments</b>	<b>Present value of lease payments</b>	Minimum lease payments	Present value of lease payments
Consolidated				
• within one year	149	135	80	56
• after one year but not more than five years	87	85	236	220
• more than five years	-	-	-	-
Total minimum lease payments	236	220	316	276
Less amounts representing finance charges	(16)	-	(40)	-
<b>Present value of minimum lease payments</b>	<b>220</b>	<b>220</b>	276	276

At 30 June 2013, the Group has finance leases principally relating to various items of equipment and motor vehicles.

These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

<b>(ii) Non-cancellable operating lease commitments:</b>	2013 \$'000	2012 \$'000
Payable within one year	24,009	38,824
Payable after one year but not more than five years	74,644	130,002
Payable more than five years	34,063	45,994
	<b>132,716</b>	214,820*

\* Subsequent to 30 June 2012, as part of the disposal of Australian Consolidated Press Limited, several operating leases with non-cancellable commitments of \$57.9 million were transferred to Australian Consolidated Press Limited.

The Group has entered into non-cancellable operating leases. The leases vary in remaining duration but generally have an average lease term of approximately 5 years. Operating leases include telecommunications rental agreements and leases on assets including motor vehicles, land and buildings and items of plant and equipment. Renewal terms are included in certain contracts, whereby renewal is at the option of the specific entity that holds the lease. On renewal, the terms of the leases are usually renegotiated. There are no restrictions placed upon the lessee by entering into these leases.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$'000	2012 \$'000
<b>22. RECONCILIATION OF THE STATEMENT OF CASH FLOWS</b>		
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June		
(a) Cash balance represents:		
Cash on hand and at bank	191,263	20,381
Deposits at call	90,256	151,279
Cash held on Trust	110,931	65,944
	<b>392,450</b>	237,604
Cash on hand and at bank attributable to discontinued operations (Note 5)	-	34,504
	<b>392,450</b>	272,108
(b) Reconciliation of profit after tax to net cash flows from operations:		
Profit/(loss) after tax	1,187,497	(966,408)
Depreciation and amortisation		
• Property, plant and equipment	26,954	31,786
• Amortisation of ticketing rights	17,720	15,287
• Amortisation of other assets	2,015	2,777
• Amortisation of financing costs	13,763	21,588
Share of associates' net (profit)	(36,836)	(25,461)
Impairment of assets	120,635	818,292
Provision for doubtful debts	(2,032)	(1,731)
Loss/ (Profit) on sale of discontinued operations	19,947	(7,890)
Profit on sale of investment in listed or unlisted equities	(39)	-
Profit on sale of property, plant and equipment	44	(44)
Management and employee share accounting expense	-	(487)
Investment distributions from associates	25,270	24,896
Non-cash interest expense	81,294	97,586
Non-cash gain on restructuring	(1,369,233)	-
Mark to market on derivatives	285	-
<i>Changes in assets and liabilities:</i>		
Trade and other receivables	(25,508)	(29,302)
Inventories	2,060	(3,256)
Program rights	(19,290)	(5,321)
Prepayments	(79,008)	(4,167)
Other assets	(3,871)	(10,104)
Payables relating to cash held on Trust	44,950	15,722
Other payables	11,740	8,193
Provision for income tax	(330)	108
Provision for employee entitlements	3,670	3,137
Other provisions	(50,156)	3,965
Deferred income tax liability	(9,329)	(3,980)
Foreign currency movements in assets and liabilities of overseas controlled entities	(520)	(2,336)
<b>Net cash flows from / (used in ) operating activities</b>	<b>(38,308)</b>	<b>(17,150)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**23. EVENTS AFTER THE BALANCE SHEET DATE**

On 1 July 2013, the Group acquired 100% of the ordinary shares of Channel 9 South Australia Pty Ltd ("South Australia") and its subsidiaries and an option to acquire Swan Television Radio Broadcasters Pty Ltd for total consideration of \$150 million. The Group is currently completing due diligence procedures to determine whether it wishes to acquire Swan Television Radio Broadcasters Pty Ltd.

**24. SUPERANNUATION COMMITMENTS**

*Accounting Policy*

A portion of actuarial gains or losses are recognised in profit and loss using the corridor approach. The portion recognised is the excess of the unrecognised gain/loss at the start of the year over the greater of 10% of the value of Plan assets and 10% of the Defined Benefit Obligation at the start of the year, divided by the expected future service of defined benefit members.

*Plan Information*

Defined benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. The defined benefit section of the Plan is closed to new members. All new members receive accumulation only benefits.

*Valuation*

The actuarial valuation of the defined benefits fund for the year ended 30 June 2013 was performed by Darren Wickham FIAA of Mercer Investment Nominees Limited for the purpose of satisfying accounting requirements

**Reconciliation of the Present Value of the Defined Benefit Obligation**

Financial year ended	30 June 2013	30 June 2012
	\$'000	\$'000
Present value of defined benefit obligations at beginning of year	48,651	47,953
(+) Current service cost	1,052	1,195
(+) Interest cost	1,305	2,423
(+) Contributions by Plan participants	778	734
(+) Actuarial (gains)/losses	(7,300)	7,447
(-) Benefits paid/settlements	(5,811)	(10,918)
(-) Taxes, premiums & expenses paid	(163)	(183)
<b>Present value of defined benefit obligations at 30 June</b>	<b>38,512</b>	<b>48,651</b>

The defined benefit obligation consists entirely of amounts from plans that are wholly or partly funded

**Reconciliation of the Fair Value of Plan Assets**

Financial year ended	30 June 2013	30 June 2012
	\$'000	\$'000
Fair value of Plan assets at beginning of the year	41,785	50,735
(+) Expected return on Plan assets	2,827	3,538
(+) Actuarial gains/(losses)	3,492	(3,118)
(+) Employer contributions	732	997
(+) Contributions by Plan participants	778	734
(-) Benefits paid	-	-
(-) Taxes, premiums & expenses paid	(163)	(183)
(+) Settlements	(5,811)	(10,918)
<b>Fair value of planned assets obligations at 30 June</b>	<b>43,640</b>	<b>41,785</b>



**NINE ENTERTAINMENT CO. HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**24. SUPERANNUATION COMMITMENTS (continued)**

**Reconciliation of the Assets and Liabilities Recognised in the statement of financial position**

As at	30 June 2013	30 June 2012
	\$'000	\$'000
Defined benefit obligation <sup>^</sup>	38,512	48,651
(-) Fair value of Plan assets	(43,640)	(41,785)
Deficit/(surplus)	(5,128)	6,866
(-) Unrecognised net loss	1,258	13,154
<b>Net benefit liability/(asset)</b>	<b>(6,386)</b>	<b>(6,288)</b>

<sup>^</sup> Includes contributions tax provision

**Expense Recognised in Statement of Comprehensive Income**

Financial year ended	30 June 2013	30 June 2012
	\$000	\$000
Service cost	1,052	1,195
Interest cost	1,305	2,423
Expected return on assets	(2,827)	(3,538)
Actuarial loss/(gain)	918	63
Effect of curtailments/settlements	186	3,016
<b>Superannuation expense included in salary and employee benefit expense</b>	<b>634</b>	<b>3,159</b>

**Amounts Recognised in the Statement of Comprehensive Income**

Financial year ended	30 June 2013	30 June 2012
	\$'000	\$'000
<b>Actuarial (gains)/losses</b>	<b>(98)</b>	<b>2,162</b>

**Cumulative Amount Recognised in the Statement of Comprehensive Income**

Financial year ended	30 June 2013	30 June 2012
	\$'000	\$'000
<b>Cumulative amount of actuarial (gains)/losses</b>	<b>(1,930)</b>	<b>(1,832)</b>

**Plan Assets**

The percentage invested in each asset class at the reporting date:

As at	30 June 2013	30 June 2012
Australian Equity	28%	29%
International Equity	29%	27%
Fixed Income	16%	16%
Property	6%	6%
Alternatives/Other	17%	17%
Cash	4%	5%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**24. SUPERANNUATION COMMITMENTS (continued)**

**Fair Value of Plan Assets**

The fair value of Plan assets includes no amounts relating to:

- any of the Company's own financial instruments;
- any property occupied by, or other assets used by, the Company.

**Expected Rate of Return on Plan Assets**

The expected return on assets assumption is determined by weighting the expected long-term return for each class by the target allocation of assets to each class and allowing for the correlations of the investment returns between asset classes. The returns used for each class are net of investment tax and investment fees.

**Actual Return on Plan Assets**

Financial year ended	30 June 2013	30 June 2012
	\$'000	\$'000
<b>Actual return on Plan assets</b>	<b>6,319</b>	<b>420</b>

**Principal Actuarial Assumptions at the Reporting Date**

Financial year ended	30 June 2013	30 June 2012
Discount rate	2.9%	2.9%
Expected rate of return on Plan assets	7.1%	7.1%
Expected salary increase rate	4.0%	4.0%

**Historical Information**

Financial year ended	30 June 2013	30 June 2012	30 June 2011	30 June 2010	30 June 2009
	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	38,512	48,651	47,953	51,671	49,243
Fair value of Plan assets	43,640	41,785	50,735	48,750	41,572
(Surplus)/deficit in Plan	(5,128)	6,866	(2,782)	2,921	7,671
Experience adjustments (gain)/loss – Plan assets	(3,492)	3,118	(363)	(3,122)	13,068
Experience adjustments (gain)/loss – Plan liabilities	(4,727)	(1,908)	(2,985)	283	1,548

**Expected Contributions**

Financial year ending	30 June 2014
	\$'000
<b>Expected employer contributions</b>	<b>-</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	Consolidated	
	2013 \$'000	2012 \$'000
<b>25. CONTINGENT LIABILITIES AND RELATED MATTERS</b>		
Contingent liabilities are unsecured and related primarily to the following:		
<u>Controlled Entities</u>		
(i) The consolidated entity has made certain guarantees regarding contractual, performance and other commitments	<b>16,862</b>	19,538

The Group made payments to the International Olympic committee in relation to the 2010 Vancouver Winter Olympics and 2012 London Summer Olympics. No withholding tax was subtracted from these payments. The Australian Taxation Office (ATO) issued the Group with a position paper on 13 February 2013 asserting that withholding tax should have been subtracted and remitted to them. The Group considers that the payments were not a royalty under Article 12(3) of the Australia/Switzerland double tax agreement and as such the payments were not subject to withholding tax. The Group responded to the ATO detailing this position on 17 May 2013. The ATO is yet to respond to this correspondence. As a result of the Group's position it has not recognised a provision against this matter. In the event that the ATO ultimately prevail the withholding tax that would be payable would be \$10,700,000.

The probability of having to meet these contingent liabilities is remote, and therefore it is not practicable to disclose an indication of the uncertainties relating to each amount or the timing of any outflows.

	2013 \$	2012 \$
<b>26. AUDITORS' REMUNERATION</b>		
Amounts received, or due and receivable, by the auditor of the parent entity for:		
Audit and review of the financial report of the entity	<b>411,966</b>	649,270
Taxation services	<b>2,114,281</b>	1,804,566
Assurance related services	<b>72,250</b>	88,280
Other non-audit services	-	214,687
	<b>2,598,497</b>	2,756,803
Amounts received, or due and receivable, by other member firms of Ernst & Young International for:		
Auditing the accounts of controlled entities	-	154,350
	<b>2,598,497</b>	2,911,153

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**27. KEY MANAGEMENT PERSONNEL DISCLOSURES**

**(a) Details of key management personnel**

*(i) Directors*

Executive Directors

David Gyngell

Non-Executive Directors

David Haslingden	Appointed 6 February 2013
Edgar Lee	Appointed 6 February 2013
Kevin Crowe Jr	Appointed 6 February 2013
Steve Martinez	Appointed 6 February 2013
Rajath Shourie	Appointed 6 February 2013
Peter Costello	Appointed 6 February 2013
Hugh Marks	Appointed 6 February 2013
Joanne Pollard	Appointed 6 February 2013
Andrew Cummins	Resigned 6 February 2013
Adrian MacKenzie	Resigned 10 October 2012
Peter Bush	Resigned 6 February 2013

*(ii) Executives*

Simon Kelly	Chief Operating Officer & Chief Financial Officer, Nine Entertainment Co and Company Secretary
Geoff Jones	Chief Executive Officer, Nine Events
Matthew Stanton	Managing Director, ACP Magazines Australia (from 1 January 2012, ACP disposed of on 30 September 2012)

**(b) Remuneration of key management personnel**

Total remuneration for key management personnel for the Group and Parent Entity during the financial year are set out below:

<b>Remuneration by category</b>	<b>2013 \$</b>	<b>2012 \$</b>
Short term	<b>18,720,322</b>	10,781,815
Post employment	<b>82,686</b>	117,623
Termination benefits	-	2,048,867
Share based payments	<b>138,082</b>	(733,856)
	<b>18,941,090</b>	12,214,449

**(c) Other transactions with director, key management personnel and their personally related entities**

All transactions between the Group and its director related entities are conducted under normal commercial terms and conditions unless otherwise noted.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**28. RELATED PARTY DISCLOSURES**

**Parent entity**

Nine Entertainment Co. Holdings Limited is the ultimate parent entity of the Group incorporated within Australia and is the most senior parent in the Group which produces financial statements available for public use.

**Controlled entities, associates and joint ventures**

Interests in significant controlled entities are set out in Note 29.

Investments in associates and joint ventures are set out in Note 10.

**Entities with significant influence over the Group**

At the date of this report, funds managed by, or entities associated with Oaktree Capital Management LP and funds managed by or entities associated with Apollo Management LP own approximately 27.8% and 25.6% respectively of the Company's ordinary shares

**Key management personnel**

Disclosures relating to key management personnel are set out in Note 27.

**Transactions with related parties**

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances at year end, refer to Notes 6 and 16):

	<b>Consolidated</b>	
	<b>2013</b> \$'000	<b>2012</b> \$'000
<b>Rendering of services to and other revenue from -</b> Associates of Nine Entertainment Co. ninemsn Pty Ltd	<b>3,613</b>	7,170
<b>Receiving of services from related parties -</b> Associates of Nine Entertainment Co. ninemsn Pty Ltd	<b>4,068</b>	4,970
<b>Dividends received from -</b> Associates of Nine Entertainment Co. ninemsn Pty Ltd	<b>23,000</b>	20,000
Australian News Channel Pty Ltd	<b>1,230</b>	2,833
Oztam Pty Ltd	<b>1,040</b>	1,000
Post ACP Company Limited	-	1,062
<b>Loans to other related parties -</b> Darwin Digital Television Pty Ltd	<b>2,360</b>	1,960
Other	<b>706</b>	1,502
<b>Loan from associate -</b> Associates of Nine Entertainment Co. ninemsn Pty Ltd	<b>27,550</b>	-

**Terms and conditions of transactions with related parties**

All of the above transactions were conducted under normal commercial terms and conditions.

For the year ended 30 June 2013, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties as the payment history has been excellent. An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

**NINE ENTERTAINMENT CO. HOLDINGS LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**
**29. INVESTMENT IN CONTROLLED ENTITIES**

The consolidated financial statements include the financial statements of Nine Entertainment Co. Holdings Limited and its controlled entities. Significant controlled entities and those included in a class order with the parent entity are:

	Footnote	Place of Incorporation	Beneficial Interest Held by the Consolidated Entity 2013 %	Beneficial Interest Held by the Consolidated Entity 2012 %
<b>Nine Entertainment Co. Holdings Pty Ltd</b>		<b>Australia</b>	<b>Parent Entity</b>	<b>Parent Entity</b>
ACP Action Sports Holdings Pty Ltd	A	Australia	-	100
ACP Action Sports Pty Ltd	A	Australia	-	100
ACP Colour Graphics Pty Ltd	A	Australia	-	100
ACP Entertainment Magazines Pty Ltd	A	Australia	-	100
ACP Magazines Limited	A	Australia	-	100
ACP Masthead Nominees Pty Ltd	B	Australia	-	100
ACP Mastheads Pty Limited	A	Australia	-	100
ACP Media (UK) Investments Limited	B	UK	-	100
ACP Media (UK) Limited	B	UK	-	100
ACP Media Limited	B	New Zealand	-	100
ACP NS Pacific Pty Ltd	A	Australia	-	100
ACP Magazines Pte Limited	A	Singapore	-	-
Australian Consolidated Press Limited	A	Australia	-	100
Bass New Zealand Limited	B	New Zealand	100	100
Bounty Services Pty Ltd	B	Australia	-	100
Burke's Backyard Publishing Pty Limited	A	Australia	-	50
ecorp Limited	A	Australia	100	100
Events Management Catering Pty Limited	A	Australia	100	100
General Television Corporation Pty Limited	A	Australia	100	100
Hearst / ACP Partnership	A	Australia	-	50
NBN Enterprises Pty Limited	A	Australia	100	100
NBN Investments Pty Limited	B	Australia	100	100
NBN Ltd	A	Australia	100	100
NBN Productions Pty Ltd	B	Australia	100	100
Nine Films & Television Pty Ltd	A	Australia	100	100
Nine Network Australia Holdings Pty Ltd	A	Australia	100	100
Nine Network Australia Pty Ltd	A	Australia	100	100
Nine Network Productions Pty Limited	A	Australia	100	100
Pay TV Holdings Pty Limited	A	Australia	100	100
PBL Marketing Pty Ltd	A	Australia	100	100
Nine Entertainment Co. Debenture Co Pty Ltd	A	Australia	100	100
Nine Entertainment Co. Finance (1) Pty Ltd	B	Australia	100	100
Nine Entertainment Co. Finance (3) Pty Ltd	A	Australia	100	100
Nine Entertainment Co. Finance Holdings Pty Ltd	A	Australia	100	100
Nine Entertainment Co. Group Limited	B	Australia	100	100
Nine Entertainment Co. Mastheads Pty Ltd	A	Australia	100	100
Nine Entertainment Co. Pty Ltd	A	Australia	100	100
Petelex Pty Limited	A	Australia	100	100
Queensland Television Holdings Pty Ltd	A	Australia	100	100
Queensland Television Ltd	A	Australia	100	100
Shertip Pty Ltd	A	Australia	100	100
Stafflex Pty Ltd	A	Australia	100	100
Sydney Superdome Pty Ltd	A	Australia	100	100
TCN Channel Nine Pty Ltd	A	Australia	100	100
Television Holdings Darwin Pty Limited	A	Australia	100	100
Territory Television Pty. Ltd.	A	Australia	100	100
Ticketek New Zealand Limited	B	New Zealand	100	100
Ticketek Queensland Pty Ltd	B	Australia	100	100

# NINE ENTERTAINMENT CO. HOLDINGS PTY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 29. INVESTMENT IN CONTROLLED ENTITIES (continued)

	Footnote	Place of Incorporation	Beneficial Interest Held by the Consolidated Entity 2013 %	Beneficial Interest Held by the Consolidated Entity 2012 %
Ticketek Services Limited	B	New Zealand	100	100
Ticketek Victoria Pty Ltd	B	Australia	100	100
Ticketek Insights Pty Ltd	B	Australia	100	100
Ticketek Pty Ltd	A	Australia	100	100
White Whale Pty Ltd	A	Australia	100	100
Zacchaeus Pty Ltd	B	Australia	100	100

- A. These controlled entities have entered into a deed of cross guarantee with the parent entity under ASIC Class Order 98/1418 - the "Closed Group" (refer Note 30).
- B. Members of the "Extended Closed Group" only (refer to Note 30)

### 30. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 and various deeds of cross guarantee entered into with the parent entity, certain controlled entities of Nine Entertainment Co. Holdings Limited have been granted relief from the Corporations Act 2001 requirements for preparation, audit and publication of accounts.

The consolidated statement of comprehensive income and statement of financial position of the entities which are members of the "Closed Group" and the "Extended Closed Group" for the year ended 30 June 2013 are:

	Closed Group <sup>1</sup>		Extended Closed Group <sup>2</sup>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Consolidated Statement of Comprehensive Income</b>				
Profit/(loss) before income tax	2,054,539	(776,643)	1,190,826	(1,083,569)
Income tax (expense)/benefit	(11,470)	(1,262)	9,991	(2,321)
<b>Net profit/(loss) after income tax</b>	<b>2,043,069</b>	<b>(777,905)</b>	<b>1,200,817</b>	<b>(1,085,890)</b>
Net profit/(loss) attributable to members of the parent	2,043,069	(777,905)	1,200,817	(1,085,890)
Transfer from other reserves	(1,485,207)	(1,761)	(56,512)	45
Accumulated losses at the beginning of the financial year	(1,754,794)	(975,128)	(2,451,237)	(1,365,392)
<b>Accumulated losses at the end of the financial year</b>	<b>(1,196,932)</b>	<b>(1,754,794)</b>	<b>(1,306,932)</b>	<b>(2,451,237)</b>

<sup>1</sup> Closed Group are those entities party to the Deed of Cross Guarantee.

<sup>2</sup> Extended Closed Group are those entities in the Closed Group and members of the Obligor group that have collectively agreed to guarantee the senior bank facilities and subordinated debt. As at 30 June 2013, all trading companies are included in the Extended Closed Group, therefore the continuing operations within the Consolidated Statement of Comprehensive Income represents the Extended Closed Group for 2013. Excluded from the 2013 results of the Extended Closed Group in the table above was Australian Consolidated Press Limited, which was disposed of during the year. The impact of the disposed entity's results are included as discontinued operations in the Consolidated Statement of Comprehensive Income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	Closed Group		Extended Closed Group <sup>1</sup>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>30. DEED OF CROSS GUARANTEE (continued)</b>				
<b>Consolidated Statement of Financial Position</b>				
<b>Current Assets</b>				
Cash and cash equivalents	378,953	94,057	392,450	233,307
Receivables	257,489	242,860	263,974	245,842
Inventories	771	799	742	799
Program rights	172,128	151,551	172,187	151,566
Derivative financial instruments	8,137	-	9,085	-
Assets classified as held for sale	-	403,252	-	686,649
Other	19,050	12,755	20,590	12,780
<b>Total Current Assets</b>	<b>836,528</b>	<b>905,274</b>	<b>859,028</b>	<b>1,330,943</b>
<b>Non Current Assets</b>				
Trade and other receivables	165,652	2,389	3,066	2,389
Program rights	67,092	68,423	67,092	68,423
Investment in associates	136,507	245,517	136,507	245,517
Other financial assets	6,907	6,800	17,349	6,907
Property, plant and equipment	159,602	166,457	161,160	168,696
Licences and mastheads	344,669	344,669	344,669	344,669
Other intangible assets	1,222,243	1,221,241	1,222,243	1,221,241
Derivative financial instruments	91,448	-	91,448	-
Other	86,466	12,904	86,466	12,904
<b>Total Non Current Assets</b>	<b>2,380,586</b>	<b>2,068,400</b>	<b>2,130,000</b>	<b>2,070,746</b>
<b>Total Assets</b>	<b>3,117,114</b>	<b>2,973,674</b>	<b>2,989,028</b>	<b>3,401,689</b>
<b>Current Liabilities</b>				
Payables	383,757	302,981	401,400	377,159
Interest-bearing loans and borrowings	32,940	2,760,173	32,940	3,800,010
Provisions	56,973	62,900	57,769	62,810
Derivatives	-	66,313	-	94,539
Liabilities held for sale	-	127,857	-	195,313
<b>Total Current Liabilities</b>	<b>473,670</b>	<b>3,320,224</b>	<b>492,109</b>	<b>4,529,831</b>
<b>Non Current Liabilities</b>				
Payables	70,195	76,512	70,195	76,512
Interest-bearing loans and borrowings	865,310	220	865,310	220
Deferred tax liability	59,909	23,939	21,462	20,837
Provisions	54,390	24,013	56,311	24,193
<b>Total Non Current Liabilities</b>	<b>1,049,804</b>	<b>124,684</b>	<b>1,013,278</b>	<b>121,762</b>
<b>Total Liabilities</b>	<b>1,523,474</b>	<b>3,444,908</b>	<b>1,505,387</b>	<b>4,651,593</b>
<b>Net Assets/(Liabilities)</b>	<b>1,593,640</b>	<b>(471,234)</b>	<b>1,483,641</b>	<b>(1,249,904)</b>

<sup>1</sup> As at 30 June 2013, all companies are included in the Extended Closed Group, therefore the Consolidated Statement of Financial Position represents the Extended Closed Group for 30 June 2013.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**31. FINANCIAL INSTRUMENTS**

**Financial risk management**

The Group's principal financial instruments, other than derivatives, comprise cash and short-term deposits and credit facilities (refer to Note 16). The main purpose of these financial instruments is to manage liquidity and to raise finance for the Group's operations. The Group has various other financial instruments, such as trade and other receivables and trade and other payables, which arise directly from its operations.

The Group uses derivatives in accordance with Board approved policies to reduce the Group's exposure to adverse fluctuations in interest rates and foreign exchange rates. These derivatives create an obligation to or right that effectively transfers one or more of the risks associated with an underlying financial instrument, asset or obligation. Derivative instruments that the Group uses to hedge risks such as interest rate, foreign currency and commodity price movements include:

- Interest rate swaps
- Cross currency principal and interest rate swaps and options ("cross currency hedges")
- Forward foreign currency contracts

The Group's risk management activities are carried out centrally by the Nine Entertainment Co. Holdings Group Treasury department. The Group Treasury department operates under policies as approved by the Board. The Group Treasury department operates in co-operation with the Group's operating units so as to maximise the benefits associated with centralised management of Group risk factors.

**Capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of net debt and total equity balances.

Capital risk management focuses on the maturity profile and stability of debt facilities. The Group's capital structure was restructured during the year and is reviewed to maintain:

- sufficient finance for the business at a reasonable cost; and
- sufficient funds available to the business to implement its capital expenditure and business acquisition strategies.

**(a) Carrying Value and Fair Values of Financial Assets and Financial Liabilities**

The carrying value of a financial asset or liability will approximate its fair value where the balances are predominantly short term in nature; can be traded in highly liquid markets and incur little or no transaction costs. The carrying values of the following accounts approximate their fair value:

Account	Note
Cash and cash equivalents	22(a)
Trade and other receivables	6
Derivative liabilities – fair value through profit	1(z)

The Group uses various methods in estimating the fair value of a financial instrument. The different methods have been defined as follows:

- Level 1: the fair value is calculated using quoted prices in active markets.
- Level 2: the 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: the fair value is estimated using inputs for the asset or liability that are not based on observable market data which includes discounted cash flows, the maturity date and interest rates.

Fair values are determined as follows:

Level 1: Investment in listed or unlisted equities (refer to Note 11)

Level 2: Term B loan facility, loan from associate, senior secured syndicated facilities and interest rate swaps, cross currency hedges

Level 3: Secured mezzanine note facility. This facility was cancelled as part of the scheme of arrangement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**31. FINANCIAL INSTRUMENTS (continued)**

There were no transfers between the level 1 and level 2 fair value measurements during the year.

The mezzanine note facility of \$1,078,128,000 measured using level 3 fair value measurements was refinanced during the year resulting in a \$nil balance at the end of the year in level 3.

The following table lists the carrying values and fair values of the Group's financial instruments at balance date:

	Refer Note	2013		2012	
		Carrying Amount \$000	Fair Value \$000	Carrying Amount \$000	Fair Value \$000
<i>Derivative financial assets</i>					
Cross currency cash flow hedges - current		8,137	8,137	-	-
Option over Yellow Brick Road - current		948	948	-	-
Cross currency cash flow hedges – non current		91,448	91,448	-	-
<b>Total derivative financial instruments - assets</b>		<b>100,533</b>	<b>100,533</b>	<b>-</b>	<b>-</b>
<i>Derivative financial liabilities – cash flow hedges</i>					
Interest rate swaps and collars - current		-	-	94,540	94,540
<b>Total derivative financial instruments – liabilities</b>		<b>-</b>	<b>-</b>	<b>94,540</b>	<b>94,540</b>
<i>Loan facilities – Current</i>					
Senior secured syndicated facilities – at amortised cost	16	-	-	2,740,279	1,933,902
Secured Mezzanine note facility – at amortised cost	16	-	-	1,078,128	91,126
Term B Loan facility secured – at amortised cost	16	8,949	8,949	-	-
Loan from associate unsecured	16	27,550	27,550	-	-
<b>Total loan facilities – Current</b>		<b>36,499</b>	<b>36,499</b>	<b>3,818,407</b>	<b>2,025,028</b>
<i>Loan facilities - Non-current</i>					
Senior secured syndicated facilities – at amortised cost	16	885,930	885,930	-	-
<b>Total loan facilities – Non-current</b>		<b>885,930</b>	<b>885,930</b>	<b>-</b>	<b>-</b>
<b>Total loan facilities</b>		<b>922,429</b>	<b>922,429</b>	<b>3,818,407</b>	<b>2,025,028</b>

**(b) Market risk factors**

The key risk factors that arise from the Group's activities, including the Group's policies for managing these risks are outlined below. Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices. The market risk factors to which the Group is exposed are discussed in further detail below.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**31. FINANCIAL INSTRUMENTS (continued)**

**(i) Liquidity risk**

Liquidity risk is the risk that the Group cannot meet its financial commitments as and when they fall due. To help reduce this risk, the Group ensures it has readily accessible funding arrangements available.

The contractual maturity of the Group's fixed and floating rate derivatives, other financial assets and other financial liabilities are shown in the following tables. The amounts presented represent the future undiscounted principal and interest cash flows and therefore do not equate to the values shown in the Statement of Financial Position.

	2013				2012			
	Contractual maturity (nominal cash flows)							
	Less than 1 year \$'000	1 to 2 year(s) \$'000	2 to 5 years \$'000	Over 5 years \$'000	Less than 1 year \$'000	1 to 2 year(s) \$'000	2 to 5 years \$'000	Over 5 years \$'000
<b>Derivative – inflows<sup>1</sup></b>								
Interest rate swaps – receive variable <sup>2</sup>	-	-	-	-	163,153	47,257	-	-
Cross currency hedges - receive USD <sup>3,5</sup>	31,228	30,952	193,623	786,390	-	-	-	-
<b>Derivatives – outflows<sup>1</sup></b>								
Interest rate swaps – pay fixed <sup>2</sup>	-	-	-	-	181,629	56,687	-	-
Cross currency hedges – pay AUD <sup>3</sup>	58,792	58,881	255,418	734,205	-	-	-	-
<b>Other financial assets<sup>1</sup></b>								
Cash assets	392,450	-	-	-	237,604	-	-	-
Trade and other receivables <sup>4</sup>	263,974	536	2,360	170	249,845	-	2,732	-
<b>Other financial liabilities<sup>1</sup></b>								
Trade and other payables <sup>4</sup>	401,393	35,348	34,847	-	380,710	-	-	-
Other interest bearing loans and borrowings	135	85	-	-	56	-	-	-
Debt facilities (including interest) <sup>5</sup>	77,433	39,643	117,050	858,360	2,943,097	1,264,969	-	-

<sup>1</sup> For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last repricing date

<sup>2</sup> Net amount for interest rate swaps for which net cash flows are exchanged. Categorisation of inflows and outflows is based on current variable rates at the reporting date

<sup>3</sup> Net amount for cross currency hedges for which net cash flows are exchanged. Categorisation of inflows and outflows is based on current variable rates at the reporting date

<sup>4</sup> Excluding amounts due from/to subsidiaries

<sup>5</sup> Cash flows retranslated at foreign exchange rate at the balance date

**(ii) Interest rate risk**

Interest rate risk refers to the risks that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

Interest rate risk arises from interest bearing financial assets and liabilities that the Group utilises. Non-derivative interest bearing assets is predominantly cash. The Group's debt facilities are all floating rate liabilities, which gives rise to cash flow interest rate risks.

The Group's risk management policy for interest rate risk seeks to minimise the effects of interest rate movements on its asset and liability portfolio through active management of the exposures.

The Group maintains a mix of long term and short term debt and enters into interest rate swaps to manage these risks as deemed appropriate. The Group designates which of its financial assets and financial liabilities are exposed to a fair value or cash flow interest rate risk, such as financial assets and liabilities with a fixed interest rate or financial assets and liabilities with a floating rate interest that is reset as market rates change.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**31. FINANCIAL INSTRUMENTS (continued)**

At balance date, the Group had the following mix of financial assets and financial liabilities exposed to Australian floating interest rate risk that were not designated as cash flow hedges:

	2013				2012			
	Average interest rate p.a %	Floating rate \$'000	Non-interest bearing \$'000	Total \$'000	Average interest rate p.a %	Floating rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>								
Cash and cash equivalents	3.13	392,450	-	392,450	4.33	237,604	-	237,604
Trade and other receivables	N/A	N/A	267,040	267,040	N/A	N/A	252,577	252,577
<b>Financial liabilities</b>								
Trade and other payables	N/A	N/A	471,588	471,588	N/A	N/A	457,222	457,222
Derivative liabilities (interest rate swaps and collars)	-	-	-	-	Various	N/A	94,540	94,540
Interest bearing liabilities –								
Term B loan facility – at amortised cost	7.33	894,879	-	894,879	-	-	-	-
Loan from associate	3.55	27,550	-	27,550	-	-	-	-
Senior secured syndicated facilities – at amortised cost	-	-	-	-	6.15	2,740,279	-	2,740,279
Secured Mezzanine note facility – at amortised cost	-	-	-	-	11.76	1,078,128	-	1,078,128

**Interest rate sensitivity analysis**

The table below shows the effect on net profit after income tax if interest rates at balance date had been higher or lower with all other variables held constant, taking into account all underlying exposures and related hedges. Concurrent movement in interest rates and parallel shifts in the yield curves are assumed.

The following sensitivities have been assumed in this analysis:

	2013	2012
USD interest rates	+/- 0.25% (25 basis points)	N/A
AUD interest rates	+/- 1% (100 basis points)	+/- 10% (71 basis points)

The sensitivities above have been selected as they are considered reasonable given the current level of both short term and long term Australian and United States interest rates. In 2013, 3% (2012: 100%) of the Group's debt was denominated in Australian Dollars with the remaining debt denominated in United States Dollars.

Sensitivities are based on financial instruments held at the balance date assumed to have been in place since the beginning of the period.

Based on the sensitivity analysis, if interest rates changed as described above, net profit and equity would have been impacted as follows:

	Net Profit After Tax		Post-tax Equity (Cash flow hedge reserve) As at 30 June	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
If interest rates were higher with all other variables held constant – increase/(decrease)	(3,856)	4,658	(25,456)	9,390
If interest rates were lower with all other variables held constant – increase/(decrease)	3,856	(4,658)	38,816	(9,390)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**31. FINANCIAL INSTRUMENTS (continued)**

**(iii) Credit risk exposures**

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Group to make a financial loss. The Group has exposure to credit risk on all financial assets included in the Group's statement of financial position. To help manage this risk, the Group –

- has a policy for establishing credit limits
- manages exposures to individual entities it either transacts with or enters into derivative contracts with (through a system of credit limits)

The Group's credit risk is mainly concentrated across a number of customers and financial institutions. The Group does not have any significant credit risk exposure to a single or group of customers or individual institutions.

Financial assets are considered impaired where there is objective evidence that the Group will not be able to collect all amounts due according to the original trade and other receivable terms. Factors considered when determining if impairment exists include ageing and timing of expected receipts and the credit worthiness of counterparties. An allowance for doubtful debts is created for the difference between the assets carrying value and the present value of estimated future cash flows. The Group's trading terms do not generally include the requirement for customers to provide collateral as security for financial assets.

Refer to Note 6 for an ageing analysis of trade receivables and the movement in the allowance for doubtful debts. All other financial assets are not impaired and are not past due. Based on the credit history of these classes, it is expected that these amounts will be received when due.

Trade receivables include the following credit concentration:

	<b>2013</b> \$'000	<b>2012</b> \$'000
Advertising	<b>186,952</b>	165,429
Television stations	<b>28,466</b>	22,114
Other	<b>35,028</b>	48,305
	<b>250,446</b>	235,848

**(iv) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's interest bearing debt facilities.

The Group manages this foreign currency risk by entering into cross currency principal and interest rate swaps and options.

**Cash flow hedges**

The cross currency hedges measured at fair value through other comprehensive income are designated as hedging instruments in cash flow hedges of USD debt repayments.

During the year an amount of \$975,000 was recognised through profit or loss in relation to hedge ineffectiveness.

Refer to the table in Note 31(b)(i) for the periods in which the cash flows are expected to occur and affect profit or loss. During the year, \$12,041,000 was included in other comprehensive income in relation to these hedges. The opening balance at the beginning of the year related to interest rate swaps which were closed out as part of the restructure. During the year \$62,445,000 was reclassified from other comprehensive income to profit or loss in respect of these interest rate swaps.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**31. FINANCIAL INSTRUMENTS (continued)**

**Foreign currency sensitivity analysis**

The following tables demonstrate the sensitivity to a reasonably possible change in the USD and AUD exchange rates, with all other variables held constant. Sensitivities are based on financial instruments held at the balance date assumed to have been in place since the beginning of the period.

	Net Profit After Tax		Post-tax Equity (Cash flow hedge reserve) As at 30 June	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
If AUD:USD exchange rates were 10% higher with all other variables held constant – increase/(decrease)	11,507	-	(11,998)	-
If AUD:USD exchange rates were 10% lower with all other variables held constant – increase/(decrease)	(7,428)	-	14,710	-

**32. PARENT ENTITY DISCLOSURES**

	Parent Entity	
	2013 \$'000	2012 \$'000
<b>a) Financial Position</b>		
Current assets	-	3
Non-current assets	602,968	71
<b>Total assets</b>	<b>602,968</b>	<b>74</b>
Current liabilities	14,432	2,879
Non-current liabilities	2,879	-
<b>Total liabilities</b>	<b>17,311</b>	<b>2,879</b>
<b>Net assets/(liabilities)</b>	<b>585,657</b>	<b>(2,805)</b>
Contributed equity	2,773,295	1,329,981
Reserves	3,171	3,965
Retained earnings	(2,190,809)	(1,336,751)
<b>Total equity/(deficiency)</b>	<b>585,657</b>	<b>(2,805)</b>
<b>b) Comprehensive Income</b>		
Net profit / (loss) for the year	(854,058)	2,789
Other comprehensive income	-	-
<b>Total comprehensive income (loss) for the year</b>	<b>(854,058)</b>	<b>2,789</b>

**c) Commitments and Contingencies**

The parent entity was a party of the Deed of Cross Guarantee entered into with various Group companies. Refer to Note 30 for further details.

Refer to Note 21 for disclosure of the Group's commitments and contingencies. The operation of the Deed of Cross Guarantee has the effect of joining the parent entity as a guarantor to the Group's commitments and contingencies.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**33. EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	<b>2013</b> \$'000	<b>2012</b> \$'000
Net profit/(loss) attributable to ordinary equity holders of the parent from continuing operations	<b>1,201,177</b>	N/A <sup>1</sup>
Profit/(loss) attributable to ordinary equity holders of the parent from discontinued operations	<b>(13,320)</b>	N/A <sup>1</sup>
<b>Net profit/(loss) attributable to ordinary equity holders of the parent for basic and diluted earnings</b>	<b>1,187,857</b>	N/A <sup>1</sup>

	<b>2013</b> '000	<b>2012</b> '000
<b>Weighted average number of ordinary shares for basic earnings per share</b>	<b>79,121</b>	N/A <sup>1</sup>
Effect of dilution: Restricted share units	<b>5</b>	N/A <sup>1</sup>
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>79,126</b>	N/A <sup>1</sup>

<sup>1</sup> During 2013, the Company consolidated its ordinary shares into 1 share (refer to Note 18). Due to the treatment of the share consolidation per the accounting standards, this results in the weighted average number of shares for 2012 being 1 share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

To calculate the earnings per share amounts for discontinued operations (see Note 5), the weighted average number of ordinary shares for both basic and diluted amounts is as per the table above.