



TEN NETWORK HOLDINGS LIMITED

ABN 14 081 327 068

Appendix 4E

Preliminary Final Report

Year ended: 31 August 2010

Previous corresponding period: 31 August 2009

Results for Announcement to the Market

				\$A'000
Revenue from continuing operations	up	9.9%	to	992,060
EBITDA	up	37.8%	to	208,064
Profit for the period attributable to members				150,007
Underlying net profit for the period attributable to members (Refer Note 2 for underlying results)	up	105.3%	to	96,851

Dividends

	Amount per security	Franked amount per security
Dividends paid	Nil	N/A

For details of proposed dividends, see Note 5.
Refer to attached Media Release for discussion of results.



Consolidated statement of comprehensive income

	31 August 2010 \$A'000	31 August 2009 \$A'000
Revenue from ordinary activities	990,472	901,500
Other income	1,588	1,500
Total Revenue	992,060	903,000
Television costs ^A	(656,852)	(638,374)
Out-of-Home costs ^A	(153,716)	(282,736)
Corporate costs	(1,188)	(1,233)
Finance costs ^B	(38,849)	(51,257)
Profit/ (Loss) before income tax	141,455	(70,600)
Income tax (expense)/ revenue		
Normal	(44,604)	(20,633)
Non-recurring (Refer Note 2)	53,156	1,879
Net Profit/ (Loss) from ordinary activities after income tax	150,007	(89,354)
Net Profit/ (Loss) attributable to non-controlling interests	-	-
Net Profit/ (Loss) attributable to members of Ten Network Holdings Limited	150,007	(89,354)
Net Profit/ (Loss) from ordinary activities after income tax	150,007	(89,354)
Other comprehensive income		
AASB 139 hedge reserves	(193)	(4,553)
Exchange differences on translation of foreign operations	1,583	18,851
Total comprehensive income/ (loss) after income tax	151,397	(75,056)
Total comprehensive income attributable to non-controlling interests	-	-
Total comprehensive income/ (loss) attributable to members of Ten Network Holdings Limited	151,397	(75,056)

^A: 2009 results include non-recurring items as disclosed in Note 2.

^B: Finance costs for 2010 include a \$5.1m (\$4.2m after tax) notional non-cash interest charge in relation to the unwinding of the provision for onerous contracts in the Out-of-Home segment (2009: \$7.4m or \$6.4m after tax).

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



Consolidated balance sheet

	31 August 2010 \$A'000	31 August 2009 \$A'000
Current Assets		
Cash and cash equivalents	12,998	5,318
Receivables	184,539	155,237
Program rights & inventories ^C	162,402	121,265
Current tax assets	18,930	5,001
Derivative financial instruments ^D	-	36
Other	9,285	8,064
Total Current Assets	388,154	294,921
Non-Current Assets		
Receivables	248	247
Program rights & inventories	6,338	17,279
Other financial assets	2,765	2,765
Property, plant and equipment	81,349	92,860
Intangible assets	1,172,931	1,174,451
Derivative financial instruments ^D	-	52
Deferred tax assets	11,718	12,098
Other	339	498
Total Non-Current Assets	1,275,688	1,300,250
Total Assets	1,663,842	1,595,171
Current Liabilities		
Payables	183,624	183,802
Borrowings ^{D, E}	10,000	-
Derivative financial instruments ^D	1,107	184
Provisions	32,425	36,294
Total Current Liabilities	227,156	220,280
Non-Current Liabilities		
Payables	13,865	22,548
Borrowings ^D	300,636	395,949
Derivative financial instruments ^D	66,273	61,648
Financial liabilities held at fair value	1,516	-
Deferred tax liabilities ^F	102,122	94,926
Provisions	49,974	51,670
Total Non-Current Liabilities	534,386	626,741
Total Liabilities	761,542	847,021
Net Assets	902,300	748,150
Equity		
Contributed equity	2,355,888	2,353,403
Reserves	(1,205,568)	(1,207,226)
Accumulated losses ^F	(248,025)	(398,032)
Total parent entity interest	902,295	748,145
Minority interest in controlled entities	5	5
Total Equity	902,300	748,150

^{C-F}: Refer to following page for commentary.

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



Consolidated balance sheet – Commentary

C: Program rights include prepayments made for the October 2010 Delhi Commonwealth Games.

D: The total drawn debt (Bank loan and Private Placement) at the end of the period was \$370m. This is comprised of the Current Borrowings (\$10m) and Non-Current Borrowings (\$300.6m) and the mark to market of the cross-currency swap embedded with the \$USD125m Private Placement Loan (\$59.4m). The remainder of the derivative financial instrument balance relates to the mark to market of the interest rate hedge derivatives.

E: Current Borrowings include \$10m of bank loans due in April 2011. The consolidated entity expects to refinance this loan in the coming months.

F: Refer to the Consolidated Statement of Changes in Equity – footnote G for additional disclosure.



Consolidated statement of changes in equity

	Contributed Equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total \$'000
Balance at 1 September 2009	2,353,403	(1,207,226)	(398,032)	748,145
Total comprehensive income for the year	-	1,390	150,007	151,397
Contributions of equity, net of transaction costs	36	-	-	36
Employee share scheme	2,449	268	-	2,717
Balance at 31 August 2010	2,355,888	(1,205,568)	(248,025)	902,295
Balance at 1 September 2008	2,220,704	(1,222,192)	(290,173) ^g	708,339
Total comprehensive income for the year	-	14,298	(89,354)	(75,056)
Contributions of equity, net of transaction costs ^h	135,255	-	-	135,255
Employee share scheme	(2,556)	668	-	(1,888)
Dividends paid	-	-	(18,505)	(18,505)
Balance at 31 August 2009	2,353,403	(1,207,226)	(398,032)	748,145

^g: In the year ended 31 August 2008 an amount was determined for the tax cost base of assets in calculating the Deferred Tax Liability. Subsequent review has resulted in this amount being corrected by adjusting the opening comparative balance sheet at 1 September 2008 and by increasing the Deferred Tax Liability and Accumulated Losses by \$57.9m respectively. Of this adjustment, \$52.7m relates to a reduction in the tax cost base of television licences with the remainder substantially relating to a reduction in the tax cost base of depreciable assets.

^h: During August 2009, Ten Network Holdings Limited completed an equity raising, details of which are set out in Note 6. This balance also includes \$1,146K of deferred tax benefit recognised directly into equity.

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



Consolidated cash flow statement

	31 August 2010 \$A'000	31 August 2009 \$A'000
Cash and cash equivalents		
Cash at hand	75	86
Cash at bank	12,923	5,232
At end of year	12,998	5,318
At beginning of year	5,318	30,938
Effects of exchange rate changes on cash and its equivalents	150	(8)
Net cash inflows/ (outflows) for the year	7,830	(25,628)
Represented by:		
Cash Flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,056,130	988,624
Payments to suppliers and employees (inclusive of goods and services tax)	(921,797)	(876,025)
Interest received	1,444	1,492
Bank interest paid	(30,665)	(43,095)
Treasury costs paid	(1,741)	(1,666)
Net income tax received/(paid)		
Prior year refunds received	19,461	25,931
Current year payments	(17,119)	(44,198)
Refund of tax re tax consolidation	-	17,576
Net cash flows from operating activities (refer Note 9)	105,713	68,639
Cash Flows from investment activities		
Acquisition of property, plant and equipment	(17,929)	(23,509)
Proceeds on disposal of property, plant and equipment	47	85
Payment for other investments	-	(1,095)
Deferred consideration	(1)	(352)
Net cash flows from investment activities	(17,883)	(24,871)
Cash Flows from financing activities		
Dividend paid	-	(18,505)
Net proceeds from issue of shares ¹	-	134,109
Proceeds from borrowings	395,000	285,000
Repayment of borrowings	(475,000)	(470,000)
Net cash flows from financing activities	(80,000)	(69,396)
Net cash inflows/ (outflows) for the year	7,830	(25,628)

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

¹: Refer Note 6.



Notes to the consolidated financial statements

Note 1: Basis of Preparation of the Preliminary Final Report

This general purpose Preliminary Final Report for the reporting period ended 31 August 2010 has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards (AASB), which include Australian equivalents to International Financial Reporting Standards (AIFRS).

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

The accounting policies adopted in the preparation of this Report are consistent with those applied in the 31 August 2009 Annual Financial Report.

Ten Network Holdings Limited has had to change some of its accounting policies as the result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 September 2009. The affected policy and standard is *AASB 8 Operating Segments*.

Segment reporting

The consolidated entity has applied *AASB 8 Operating Segments* from 1 September 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in no change to the number of reportable segments presented, or the amounts reported in each segment. Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision-makers have been identified as the Executive Chairman and the CEO's of Television and Out-of-Home.



Note 3: Revenues and Expenses

	31 August 2010 \$A'000	31 August 2009 \$A'000
3.1 Revenues from ordinary activities		
Sales Revenue	990,472	901,500
Other revenue		
- Interest revenue	1,444	1,492
- Foreign exchange gain	144	8
Total revenues from ordinary activities	992,060	903,000
3.2 Expenses from ordinary activities		
Details of relevant expenses		
- Television activities	(656,852)	(622,822)
- Out Of Home activities	(153,716)	(159,884)
- Corporate	(1,188)	(1,233)
Non-Recurring Expense items (Refer Note 2)		
<i>Television</i>		
- Writedown of assets	-	(15,552)
<i>Out Of Home</i>		
- Writedown of intangibles	-	(35,679)
- Writedown of other assets	-	(27,986)
- Provision for onerous contracts	-	(59,187)
Total expenses from ordinary activities	(811,756)	(922,343)
3.3 Income tax revenue/ (expense)		
Normal	(44,604)	(20,633)
Non-recurring tax items (Refer Note 2)		
Tax refund receivable arising from change in tax consolidation legislation	53,156	-
Tax losses written off (Out-of-Home operations)	-	(10,139)
Tax effect of non-recurring expense items	-	12,018
Total income tax revenue/ (expense)	8,552	(18,754)



Note 4: Reconciliation of Income Tax Expense

The normal tax expense in the year to August 2010 represents 31.5% of profit before tax and non-recurring items.

Note 5: Dividends

No dividends/distributions were paid to the members of Ten Network Holdings Limited during the year ended 31 August 2010.

The Company has determined that a final dividend of 11 cents per share will be payable on 19 November 2010. This dividend is comprised of an ordinary dividend of 6 cents per share and a special dividend of 5 cents per share. Due to the considerable impact of the pending tax refund on the franking account, the entire final dividend is unfranked. The record date for payment of the 2010 final dividend is 4 November 2010.

Further commentary in relation to future dividend policy is contained in the attached Media Release.

Note 6: Equity Raising

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

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

Note 7: Earnings per share

	31 August 2010	31 August 2009
Reported		
(a) Basic EPS (Refer Note (i) below)	14.40 cents	(9.62) cents
(b) Diluted EPS (Refer Note (ii) below) ^M	14.35 cents	(9.62) cents
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS ^J	1,042,023,286	929,180,996
Normalised^{K, L}		
(a) Basic EPS (Refer Note (i) below)	9.29 cents	5.08 cents
(b) Diluted EPS (Refer Note (ii) below) ^M	9.27 cents	5.06 cents

^J: The number of shares for 31 August 2009 reflects the institutional placement of 120 million shares as part of the equity raising which was completed on 11 August 2009. The number of shares for 31 August 2010 reflect that these shares were on issue for the full year.

^K: Excludes the non-recurring items disclosed in Note 2.

^L: Finance costs for 2010 include a \$5.1m (\$4.2m after tax) notional non-cash interest charge in relation to the unwinding of the provision for onerous contracts in the Out-of-Home segment (2009: \$7.4m or \$6.4m after tax). Underlying NPAT would be \$101.0m (2009: \$53.6m) and normalised basic EPS would be 9.70 cents per share (2009: 5.77 cents per share) when excluding the net impact of this notional non-cash interest charge.

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



Note 7: Earnings per share (continued)

i) Basic Earnings per Share

Basic earnings per share is calculated by dividing:

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

ii) Diluted Earnings per Share

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

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of dilutive potential ordinary shares (for Ten Network Holdings Limited, this excludes the potential impact of treasury shares).

Note 8: NTA Backing

	31 August 2010	31 August 2009
Net tangible asset backing per ordinary share	(\$0.26)	(\$0.35)
Net asset backing per ordinary security	\$0.87	\$0.77

Note 9: Reconciliation of Profit After Income Tax to Net Cash Flows From Operating Activities

	31 August 2010 \$A'000	31 August 2009 \$A'000
Profit/ (Loss) after income tax	150,007	(89,354)
Non-cash expenses	29,349	33,537
Non-cash expenses – Non-recurring items	-	138,404
(Profit)/ Loss on sale of other non-current assets	(4)	84
Net increase in provisions	5,048	7,943
Net increase/ (decrease) in tax provisions	(6,451)	9,002
Net (decrease)/ increase in accrued revenue and expense items in payables/ (receivables)	(72,236)	(30,977)
Net cash flows from operating activities	105,713	68,639

Note 10: Changes in the Composition of the Consolidated Entity

There were no material changes in the composition of the consolidated entity for the years ended 31 August 2010 and 2009.

Refer to Note 6 for changes in the consolidated entity's equity in 2009.



Note 11: Segment Note

Management has determined the operating segments based on the reports reviewed by the Executive Chairman and the CEO's of Television and Out-of-Home that are used to make strategic decisions. Two reportable segments have been identified. These are Television and Out-of-Home. The Executive Chairman and the CEO's of Television and Out-of-Home assess the performance of the operating segments based on EBITDA.

2010	Television \$'000	Out of Home \$'000	Eliminations/ Unallocated \$'000	Consolidated \$'000
Revenue				
Sales to external customers	833,242	157,230	-	990,472
Inter-segment sales	185	893	(1,078)	-
Total sales revenue	833,427	158,123	(1,078)	990,472
Other revenue	1,348	5	235	1,588
Total revenue	834,775	158,128	(843)	992,060
Segment Result				
EBITDA	194,226	15,026	(1,188)	208,064
Depreciation	(18,396)	(9,288)	-	(27,684)
Amortisation	-	(1,520)	-	(1,520)
EBIT	175,830	4,218	(1,188)	178,860
Finance costs				(38,849)
Interest revenue				1,444
Profit before tax				141,455
Income tax (expense)/ revenue				
Normal				(44,604)
Non-recurring tax items (Refer Note 2)				53,156
Profit after tax				150,007



Note 11: Segment Note (continued)

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



Note 12: Issued and Quoted Securities at End of Current Period

Category of securities	Total number	Number quoted	Issue price per security	Amount paid up per security
Ordinary securities	1,045,236,720	1,045,236,720	-	-
Changes during current period: None				

Note 13: Events Occurring After Reporting Date

No matter, item, transaction or event of a material nature has occurred between 31 August 2010 and the date of this report.



Commentary on Results

Refer to attached Media Release.

Annual Meeting

The annual meeting will be held as follows:

Place

Ballroom 1, Level 3, Star City, 80 Pyrmont Street, Pyrmont NSW
Thursday 9 December 2010
10.00am
Tuesday 9 November 2010

Date

Time

Approximate date the annual report will be available

Audit

This report is based on accounts which have been audited.