



# Nine Entertainment Co. Holdings Limited

## *Financial report for the half year ended 31 December 2014*

26 February 2015: Nine Entertainment Co. Holdings Limited [ASX:NEC] today announced the half yearly results for the six months ended 31 December 2014 (H1 FY15).

Attached are the following documents relating to the Nine Entertainment Co. Holdings Limited results for this period.

1. Appendix 4D
2. H1 FY15 Results Announcement
3. H1 FY15 Results Investor Presentation

**Nine Entertainment Co. Holdings Limited**  
**Appendix 4D**  
**Half Year Report**  
**For the half year ended 31 December 2014**  
**Previous corresponding period 31 December 2013**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

		\$'000
<b>Reported</b>		
Revenue from ordinary activities	Up 5% to	839,911
Profit from ordinary activities after tax attributable to members	Up 187% to	90,980
Net profit for the period attributable to members	Up 187% to	90,980

	Corresponding period	Current period
Net tangible asset backing per ordinary security (cents)	-	-

A dividend of 4.2 cents per share amounting to \$39,492,384 was paid in October 2014 (2013: \$nil).

## DIRECTORS' REPORT

The Directors present their financial report for the half year ended 31 December 2014. The financial report includes the results of Nine Entertainment Co. Holdings Limited (the "Company") and the entities that it controlled during the period (the "Group").

### Directors

The Directors of the Company in office during the half year and up to the date of this report unless stated otherwise are as follows:

Name	Title	Date Appointed	Date Resigned
David Haslingden	Independent Non-Executive Chairman	6 February 2013	
David Gyngell	Chief Executive Officer	25 November 2010	
Peter Costello	Independent Non-Executive Director	6 February 2013	
Kevin Crowe Jr	Non-Executive Director	6 February 2013	
Edgar Lee	Non-Executive Director	6 February 2013	
Hugh Marks	Independent Non-Executive Director	6 February 2013	
Steve Martinez	Non-Executive Director	6 February 2013	
Joanne Pollard	Independent Non-Executive Director	6 February 2013	21 November 2014
Rajath Shourie	Non-Executive Director	6 February 2013	

### Trading Results

The consolidated net profit of the Group for the period after income tax was \$90,980,000 (31 December 2013: \$31,679,000).

### Dividends

A dividend of 4.2 cents per share in respect of the year ending 30 June 2014 amounting to \$39,492,384 was paid in the period ended 31 December 2014 (31 December 2013: \$nil).

### Operating and Financial Review

#### *Financial Results*

For the period to 31 December 2014, the Group reported a consolidated net profit after income tax of \$90,980,000 (31 December 2013: \$31,679,000).

The Group's revenues for the period to 31 December 2014 were \$839,911,000 (31 December 2013: \$802,732,000).

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) including share of associates' net profit and before specific items (refer to Note 3(d)) for the period ended 31 December 2014 was \$170,960,000 (31 December 2013: \$185,378,000).

The Group's cash flows from operations for the period to 31 December 2014 were \$133,112,000 (31 December 2013: \$149,892,000).

#### *Nine Television*

Revenue increased by \$8.4 million (1.3%) from the comparative period. The increase is primarily a result of the inclusion of Swan Television and Radio Broadcasters Pty Ltd for the full period compared to the prior period when it was consolidated for three months only following its acquisition on 30 September 2013. On a like for like basis the impact on revenues due to a soft free-to-air television market was offset by improved revenue share.

The EBITDA result for television decreased by \$10.1 million (7.1%) from the comparative period. The decrease reflects the relatively modest increase in revenue being more than offset by higher programming costs.

## **DIRECTORS' REPORT (continued)**

### *Nine Live*

Revenue decreased by \$32.2 million (23.9%) from the comparative period. The decrease is primarily a result of fewer large tours in Nine Touring and Events.

The EBITDA result for Nine Live decreased by \$4.1 million (10.1%) from the comparative period. The decrease is due to the profit impact of the lower number of tours in Nine Touring and Events and fewer concerts which impacted the results of Ticketek.

### *Nine Digital*

Revenue increased by \$53.3 million (>100%) and EBITDA increased by \$4.6 million (76%) from the comparative period. The increase is a result of the consolidation of ninemsn Pty Limited for the full period compared to two months in the comparative period following it becoming a controlled entity on 1 November 2013.

### *Disposal*

During the current period, the Group completed the sale of the wholly owned subsidiary HWW Pty Ltd (refer to Note 6 for further detail).

### **Significant Events after the Balance Sheet Date**

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

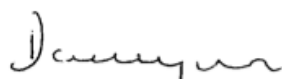
### **Auditor's Independence**

The Directors have received the Auditor's Independence Declaration, a copy of which is included on page 5.

### **Rounding**

The amounts contained in this report and the financial statements have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Group under ASIC Class Order 98/100. 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

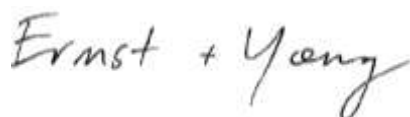


**David Gyngell**  
Chief Executive Officer and Director

Sydney, 26 February 2015

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

In relation to our review of the financial report of Nine Entertainment Co. Holdings Limited for the half year ended 31 December 2014, 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



John Robinson  
Partner  
26 February 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Note	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Revenues	3	839,911	802,732
Expenses	3	(692,758)	(704,394)
Finance costs	3	(16,286)	(38,812)
Share of profits of associate entities		1,648	4,903
<b>Profit before income tax expense</b>		<b>132,515</b>	<b>64,429</b>
Income tax expense	5	(41,535)	(32,750)
<b>Net profit for the period attributable to equity holders</b>		<b>90,980</b>	<b>31,679</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		492	56
Fair value movement in investment in listed equities		(3,423)	161
Fair value movement in cash flow hedges		431	11,492
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on defined benefit plan		282	5,455
<b>Other comprehensive (expense)/income for the period</b>		<b>(2,218)</b>	<b>17,164</b>
<b>Total comprehensive income for the period attributable to equity holders</b>		<b>88,762</b>	<b>48,843</b>
<b>Earnings per share</b>			
Basic, profit for the year attributable to ordinary equity holders of the parent	17	9.7 cents	3.9 cents
Diluted, profit for the year attributable to ordinary equity holders of the parent	17	9.7 cents	3.9 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014

	Note	31 Dec 2014 \$'000	30 June 2014 \$'000
<b>Current assets</b>			
Cash and cash equivalents	13	241,610	219,767
Trade and other receivables		302,653	325,039
Inventories		647	803
Program rights		229,061	196,224
Derivative financial instruments	16	3,060	1,481
Property, plant and equipment held for sale		10,582	-
Other assets		32,684	26,747
<b>Total current assets</b>		<b>820,297</b>	<b>770,061</b>
<b>Non-current assets</b>			
Receivables		6,957	4,170
Program rights		38,902	57,087
Investments in associates accounted for using the equity method	7	44,396	38,081
Investment in listed or unlisted equities		29,458	20,883
Property, plant and equipment		171,854	189,208
Licences	8	593,353	593,353
Other intangible assets	9	1,420,906	1,401,695
Other assets		93,953	93,055
<b>Total non-current assets</b>		<b>2,399,779</b>	<b>2,397,532</b>
<b>Total assets</b>		<b>3,220,076</b>	<b>3,167,593</b>
<b>Current liabilities</b>			
Trade and other payables		506,283	504,732
Interest-bearing loans and borrowings	10	39	106
Current income tax liabilities		6,038	3,327
Provisions	11	53,706	55,489
Derivative financial instruments	16	-	203
<b>Total current liabilities</b>		<b>566,066</b>	<b>563,857</b>
<b>Non-current liabilities</b>			
Payables		88,210	87,306
Interest-bearing loans and borrowings	10	585,056	602,968
Deferred tax liabilities	5	75,946	44,368
Provisions	11	41,429	45,444
<b>Total non-current liabilities</b>		<b>790,641</b>	<b>780,086</b>
<b>Total liabilities</b>		<b>1,356,707</b>	<b>1,343,943</b>
<b>Net assets</b>		<b>1,863,369</b>	<b>1,823,650</b>
<b>Equity</b>			
Contributed equity	12	854,648	862,725
Reserves		15,484	19,176
Retained earnings		993,237	941,749
<b>Total equity attributable to equity holders</b>		<b>1,863,369</b>	<b>1,823,650</b>

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Note	31 Dec 2014 \$'000	31 Dec 2013 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		943,183	845,576
Payments to suppliers and employees		(804,996)	(648,267)
Dividends received – associates		1,333	1,017
Interest received		2,295	2,665
Interest and other costs of finance paid		(4,406)	(29,810)
Income tax paid		(4,297)	(21,289)
<b>Net cash flows from operating activities</b>		<b>133,112</b>	<b>149,892</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and venue ticketing rights		(25,941)	(25,916)
Proceeds on disposal of property, plant and equipment		-	20
Net proceeds from sale/(acquisition) of controlled entities, net of cash acquired		6,923	(329,039)
<b>Net cash flows used in investing activities</b>		<b>(19,018)</b>	<b>(354,935)</b>
<b>Cash flows from financing activities</b>			
Proceeds of share issue	12	-	275,001
Payment of share issue costs		-	(23,058)
Shares purchased in the parent held for settlement of Rights Plan	15	(12,192)	-
Proceeds from borrowings, net of costs		110,000	193,878
Repayment of borrowings		(128,616)	(203,806)
Loans to associates		(3,000)	-
Payment for investment in group entities		(18,951)	-
Dividends paid	4	(39,492)	-
<b>Net cash flows (used in)/from financing activities</b>		<b>(92,251)</b>	<b>242,015</b>
<b>Net increase in cash and cash equivalents</b>		<b>21,843</b>	<b>36,972</b>
Cash and cash equivalents at the beginning of the financial year		219,767	392,450
<b>Cash and cash equivalents at the end of the period</b>	13	<b>241,610</b>	<b>429,422</b>



**Nine Entertainment Co. Holdings Limited**  
**Half Year Report - 31 December 2014**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Contributed equity \$000	Rights Plan Shares \$000	Foreign currency translation reserve \$000	Net unrealised gains reserve \$000	Cash flow hedge reserve \$000	Share based payments reserve \$000	Other reserve \$000	Retained earnings/accumulated losses \$000	Total equity \$000
At 1 July 2014	862,725	-	(2,845)	15,042	(711)	4,519	3,171	941,749	1,823,650
Profit for the period	-	-	-	-	-	-	-	90,980	90,980
Other comprehensive income/(expense) for the period	-	-	492	(3,141)	431	-	-	-	(2,218)
<b>Total comprehensive income/(expense) for the period</b>	-	-	<b>492</b>	<b>(3,141)</b>	<b>431</b>	-	-	<b>90,980</b>	<b>88,762</b>
<i>Transactions with owners in their capacity as owners:</i>									
Purchase of Rights Plan shares (refer to Note 15)	-	(12,192)	-	-	-	-	-	-	(12,192)
Vesting of Rights Plan shares (refer to Note 15)	-	4,115	-	-	-	(4,115)	-	-	-
Share based payment expense	-	-	-	-	-	2,641	-	-	2,641
Dividends to shareholders	-	-	-	-	-	-	-	(39,492)	(39,492)
<b>At 31 December 2014</b>	<b>862,725</b>	<b>(8,077)</b>	<b>(2,353)</b>	<b>11,901</b>	<b>(280)</b>	<b>3,045</b>	<b>3,171</b>	<b>993,237</b>	<b>1,863,369</b>

	Contributed equity \$000	Rights Plan Shares \$000	Foreign currency translation reserve \$000	Net unrealised gains reserve \$000	Cash flow hedge reserve \$000	Share based payments reserve \$000	Other reserve \$000	Retained earnings/accumulated losses \$000	Total equity \$000
At 1 July 2013	2,773,295	-	(2,852)	4,918	12,041	-	3,171	(1,306,932)	1,483,641
Profit for the period	-	-	-	-	-	-	-	31,679	31,679
Other comprehensive income for the period	-	-	56	5,616	11,492	-	-	-	17,164
<b>Total comprehensive income for the period</b>	-	-	<b>56</b>	<b>5,616</b>	<b>11,492</b>	-	<b>3,171</b>	<b>31,679</b>	<b>48,843</b>
<i>Transactions with owners in their capacity as owners:</i>									
Issue of shares	275,001	-	-	-	-	-	-	-	275,001
Transaction costs, net of tax	(7,369)	-	-	-	-	-	-	-	(7,369)
Issue of shares to employees and directors	12,605	-	-	-	-	-	-	-	12,605
Share based payment expense	-	-	-	-	-	646	-	-	646
Capital reduction	(2,190,809)	-	-	-	-	-	-	2,190,809	-
<b>At 31 December 2013</b>	<b>862,723</b>	-	<b>(2,796)</b>	<b>10,534</b>	<b>23,533</b>	<b>646</b>	<b>3,171</b>	<b>915,556</b>	<b>1,813,367</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nine Entertainment Co. Holdings Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded.

The consolidated financial statements of the Group for the half year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 26 February 2015.

#### a) Basis of preparation

The condensed consolidated financial statements for the half year ended 31 December 2014 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The financial report for the period does not include all notes of the type normally included within an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as an annual financial report.

The financial report for the period should be read in conjunction with the annual financial report of Nine Entertainment Co. Holdings Limited as at 30 June 2014.

The financial report for the period 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 applied.

#### b) Changes in accounting policies

The accounting policies adopted in the preparation of the financial report are consistent with those applied and disclosed in the 2014 annual financial report.

During the period the following accounting policy was adopted for the purchase of Rights Plan shares recognised in contributed equity:

Ordinary shares are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Group, less transaction costs. The Group provided remuneration to senior management in the form of share-based payments, whereby employees render services as consideration for equity instruments. In the Group's financial statements the transactions of these share-based payments are settled through a plan trust and are treated as being executed by the Group (an external third party acts as the Group's agent). Where shares to satisfy the Rights Plan are purchased by the third party, the consideration paid is deducted from total shareholders' equity and the shares are treated as treasury shares until they are subsequently vested, sold, reissued or cancelled. Where such shares are vested, sold or reissued, any consideration received is included in shareholders' equity.

The following accounting standards are effective for the year ended 30 June 2015 and have been adopted by the Group for the period. Adoption of these standards did not have a material impact on the Group's financial position or financial performance:

- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)*- addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 '*Financial Instruments: Presentation*'. The amendment clarifies the meaning of 'currently has a legally enforceable right of setoff' and 'simultaneous realisation and settlement'. The application of this standard does not materially impact the Group's consolidated financial statements.
- AASB 2014-1 *Amendments to Australian Accounting Standards* - addresses a range of improvements comprising five distinct parts - Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles; Part B: Defined Benefit Plans: Employee Contributions (Amendments to AASB 119); Part C: Materiality; Part D: Consequential Amendments arising from AASB 14 and Part E: Financial Instruments. The application of this standard does not materially impact the Group's consolidated financial statements.

In relation to 30 June 2014, the Group has not early adopted any further standards, interpretations or amendments that has been issued but is not yet effective.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### c) Use of estimates

In conforming with generally accepted accounting principles, the preparation of financial statements for the Group requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions that may be undertaken in the future, actual results may ultimately differ from estimates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2. 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:

- Television - includes free to air television activities.
- Live - includes Ticketek, a ticketing partner to the sports and live entertainment industry, the operation of Allphones Arena, a multipurpose indoor facility and a number of other event related businesses.
- Digital - ninemsn Pty Limited. The Company accounted for ninemsn Pty Limited as an associate until a controlling interest was acquired effective 1 November 2013 and the results were consolidated into the Group from that date.

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

Segment performance is evaluated based on the EBITDA of continuing operations before specific items (refer to Note 3(d)) which are not allocated to segments and which are disclosed separately in the table below. Group finance costs, interest income and income taxes are managed on a Group basis and are not allocated to operating segments.

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.

Period ended 31 December 2014	Television \$'000	Live \$'000	Digital \$'000	Consolidated \$'000
<b>a) Segment revenue</b>				
Operating revenue	645,474	102,476	81,269	829,219
Inter-segment revenue	67	264	-	331
<b>Total segment revenue</b>	<b>645,541</b>	<b>102,740</b>	<b>81,269</b>	<b>829,550</b>
<b>Reconciliation of segment revenue to the Consolidated Statement of Comprehensive Income</b>				
Gain on sale of HWW Pty Ltd (refer to Note 6)				8,365
Interest income				2,327
Inter-segment eliminations				(331)
<b>Revenues per the Consolidated Statement of Comprehensive Income</b>				<b>839,911</b>
<b>b) Segment result</b>				
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	131,832	36,010	10,762	178,604
Depreciation and amortisation	(12,841)	(15,263)	(1,797)	(29,901)
<b>Segment earnings before interest and tax (EBIT)</b>	<b>118,991</b>	<b>20,747</b>	<b>8,965</b>	<b>148,703</b>
Share of associates' net profit after tax				1,648
<b>EBIT after share of associates</b>				<b>150,351</b>
<b>Reconciliation of segment EBIT after share of associates to profit before tax to the Consolidated Statement of Comprehensive Income</b>				
Corporate costs				(9,427)
Specific items (refer to Note 3(d))				5,550
Interest income				2,327
Finance costs				(16,286)
<b>Profit before tax per the Consolidated Statement of Comprehensive Income</b>				<b>132,515</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Period ended 31 December 2013	Television \$'000	Live \$'000	Digital \$'000	Consolidated \$'000
<b>a) Segment revenue</b>				
Operating revenue	637,084	134,645	27,945	799,674
Inter-segment revenue	178	3,939	76	4,193
<b>Total segment revenue</b>	<b>637,262</b>	<b>138,584</b>	<b>28,021</b>	<b>803,867</b>
<b>Reconciliation of segment revenue to the Consolidated Statement of Comprehensive Income</b>				
Interest income				3,058
Inter-segment eliminations				(4,193)
<b>Revenues per the Consolidated Statement of Comprehensive Income</b>				
				<b>802,732</b>
<b>b) Segment result</b>				
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	141,921	40,072	6,129	188,122
Depreciation and amortisation	(11,506)	(12,287)	(280)	(24,073)
<b>Segment earnings before interest and tax (EBIT)</b>	<b>130,415</b>	<b>27,785</b>	<b>5,849</b>	<b>164,049</b>
Share of associates' net profit after tax				4,903
<b>EBIT after share of associates</b>				<b>168,952</b>
<b>Reconciliation of segment EBIT after share of associates to profit before tax to the Consolidated Statement of Comprehensive Income</b>				
Corporate costs				(7,659)
Specific items (refer to Note 3(d))				(61,110)
Interest income				3,058
Finance costs				(38,812)
<b>Profit before tax per the Consolidated Statement of Comprehensive Income</b>				<b>64,429</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3. REVENUE AND EXPENSES

Profit from continuing operations before income tax includes the following revenues and expenses:

	31 Dec 2014 \$'000	31 Dec 2013 \$'000
<b>a) Revenues and income</b>		
Revenue from rendering services	829,219	799,674
Gain on disposal of HWW Pty Ltd (refer to Note 6)	8,365	-
Interest income	2,327	3,058
<b>Total revenue from continuing operations</b>	<b>839,911</b>	<b>802,732</b>
<b>b) Expenses</b>		
Television activities	526,483	506,667
Other activities	166,275	197,727
<b>Total expenses from continuing operations</b>	<b>692,758</b>	<b>704,394</b>
<b>c) Other expense disclosures (included in expenses (b) above)</b>		
<i>Depreciation of non-current assets</i>		
Buildings	1,381	1,500
Plant and equipment	13,543	11,352
<b>Total depreciation</b>	<b>14,924</b>	<b>12,852</b>
<i>Amortisation of non-current assets</i>		
Plant and equipment under finance lease	49	37
Leasehold property	1,066	718
Ticketing rights	11,766	9,326
Other assets	2,230	1,153
<b>Total amortisation</b>	<b>15,111</b>	<b>11,234</b>
<b>Total depreciation and amortisation expense</b>	<b>30,035</b>	<b>24,086</b>
Salary and employee benefit expense (excluding specific items)	188,185	159,194
Program rights	242,332	244,590
<b>d) Specific items Included in income (a) and expenses (b) above:</b>		
Gain on disposal of HWW Pty Ltd (refer to Note 6)	(8,365)	-
Mark to market of derivatives	586	6,975
Reversal of previous impairment of Mi9	-	(7,547)
Acquisition related costs	-	18,484
Withholding tax provision (refer to Note 11)	-	10,700
Transaction costs for IPO related activities	-	31,084
Other	2,229	1,414
<b>Total specific (gain)/expense included in income (a) and expenses (b) above</b>	<b>(5,550)</b>	<b>61,110</b>
<b>e) Finance costs</b>		
Interest on debt facilities	15,642	31,426
Amortisation of debt facility and derivative establishment costs	637	3,427
Finance leases	7	9
Write-off of debt establishment fees for debt repaid	-	3,950
<b>Total finance costs</b>	<b>16,286</b>	<b>38,812</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. DIVIDENDS PAID AND PROPOSED

Nine Entertainment Co. Holdings Limited paid a dividend of 4.2 cents per share in respect of the year ending 30 June 2014 amounting to \$39,492,384 during the period (31 December 2013: \$nil). The Company has not declared any dividend subsequent to 31 December 2014.

### 5. INCOME TAX

	31 Dec 2014 \$'000	31 Dec 2013 \$'000
<b>a) Income tax expense</b>		
<i>The prima facie tax expense, using tax rates applicable in the country of operation, on profit or loss differs from income tax provided in the financial statements as follows:</i>		
<b>Profit before income tax</b>	132,515	64,429
Prima facie income tax expense at the Australian rate of 30%	39,754	19,329
<i>Tax effect of:</i>		
Share of associates' net profits	(494)	(620)
Loss on disposal of investments and assets	1,539	4,433
Deferred tax liability movement in investment	211	-
Share based payments (including IPO related share based payments)	-	4,086
Withholding tax provision	-	3,210
Impairment and write down of investments	177	-
Other items – net	348	2,312
<b>Income tax expense</b>	41,535	32,750
Current tax expense	33,370	10,859
Deferred tax expense relating to the origination and reversal of temporary differences	8,165	21,891
<b>Income tax expense</b>	41,535	32,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	31 Dec 2014	30 June 2014	P&L Expense Movement
	\$'000	\$'000	\$'000
<b>b) Deferred income taxes</b>			
Deferred income tax assets	81,366	115,864	11,085
Deferred income tax liabilities	(157,312)	(160,232)	(2,290)
<b>Net deferred income tax liabilities</b>	<b>(75,946)</b>	<b>(44,368)</b>	<b>8,165</b>
<b>c) Deferred income tax assets and liabilities at the end of the period</b>			
TV licence fees accrued	10,804	18,138	7,334
Employee benefits provision	13,830	13,491	(339)
Other provisions and accruals	24,637	28,411	3,774
Income tax losses carried forward	14,272	37,685	-
Investments in associates	(2,268)	(2,057)	211
Accelerated depreciation for tax purposes	(154,010)	(154,025)	(15)
Other	16,789	13,989	(2,800)
<b>Net deferred income tax liabilities</b>	<b>(75,946)</b>	<b>(44,368)</b>	<b>8,165</b>
<b>d) Deferred income tax assets not brought to account</b>			
Capital losses	127,437	127,437	

In the prior period deferred income tax of \$3,157,000 was charged directly to equity in relation to the transaction costs for the issuance of capital (refer to Note 12).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6. BUSINESS COMBINATIONS

31 December 2014

There were no material business combinations for the half year ended 31 December 2014.

#### Disposals

During the current period, the Group completed the following disposals:

Company disposed	Disposal date	Interest disposed %	Interest after disposal %
HWW Pty Ltd	1 October 2014	100	-

In October 2014, ninemsn Pty Limited completed the sale of wholly owned subsidiary HWW Pty Ltd to Gracenote, part of the Tribune Media Company for a net purchase price of \$18.7 million (net of cash and transaction costs). The net purchase price includes a provision for a potential deferred payment of \$2m if certain criteria in the sale agreement aren't met. The gain on disposal was \$8.4 million pre-tax (refer to Note 3) and \$5.0 million post-tax. The Group recognised a disposal of net assets of \$10.3m including \$9.8 million of goodwill (refer to Note 9).

### 7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 Dec 2014 \$'000	30 June 2014 \$'000
<b>a) Investments at equity accounted amount:</b>		
Associated entities – unlisted shares	44,396	38,081

	31 Dec 2014 % interest <sup>1</sup>	30 June 2014 % interest <sup>1</sup>
<b>b) Investments in associates and Joint ventures</b>		
Australian News Channel Pty Ltd	33	33
TX Australia Pty Ltd	33	33
Ozdam Pty Ltd	33	33
RateCity Pty Limited	50	50
DailyMail Australia.com Pty Ltd	50	50
Stan Entertainment Pty Ltd (formerly StreamCo Media Pty Ltd) <sup>2</sup>	50	100
Intrepica Pty Ltd <sup>3</sup>	30	-
IEC Exhibitions Pty Ltd <sup>4</sup>	25	-
Darwin Digital Television Pty Ltd	50	50

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

<sup>2</sup> On 27 August 2014 the Group sold 50% of its shares in StreamCo Media Pty Ltd to Fairfax Media to form a joint venture ("StreamCo") to launch an Australian Subscription Video On-Demand service. On 10 December 2014, StreamCo Media Pty Ltd changed its company name to Stan Entertainment Pty Ltd.

<sup>3</sup> On 10 July 2014 the Group acquired a 30% interest in Intrepica Pty Ltd, a cloud based English literacy teaching and learning resource.

<sup>4</sup> On 23 September 2014 the Group acquired a 25% interest in IEC Exhibitions Pty Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	31 Dec 2014 \$'000	30 June 2014 \$'000
<b>c) Carrying amount of investments in associates</b>		
Balance at the beginning of the period	38,081	136,507
Acquired during the period	6,950	43
Share of associates' net profit for the period	1,648	7,255
Dividends received or receivable	(1,333)	(2,887)
Reversal of impairment and write down of investments	(950)	9,547
Reclassification of associate to consolidated entity	-	(112,384)
<b>Carrying amount of investments in associates at the end of the period</b>	<b>44,396</b>	<b>38,081</b>
<i>Represented by:</i>		
Investments at equity accounted amount:		
Australian News Channel Pty Ltd	32,328	32,069
Other	12,068	6,012
<b>Carrying amount of investments in associates at the end of the period</b>	<b>44,396</b>	<b>38,081</b>

8. LICENCES

	31 Dec 2014 \$'000	30 June 2014 \$'000
Balance at the beginning of the period, net of accumulated impairment	593,353	344,669
Acquisitions of entities	-	248,684
<b>Balance at the end of the period, net of accumulated impairment</b>	<b>593,353</b>	<b>593,353</b>
Cost (gross carrying amount)	1,450,353	1,450,353
Accumulated impairment	(857,000)	(857,000)
<b>Net carrying amount</b>	<b>593,353</b>	<b>593,353</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. OTHER INTANGIBLE ASSETS

	Goodwill \$'000	Venue Ticketing Rights \$'000	Other <sup>1</sup> \$'000	Total \$'000
<b>Period ended 31 December 2014</b>				
At 1 July 2014, net of accumulated amortisation and impairment <sup>2</sup>	1,334,179	56,334	14,577	1,405,090
Purchases	-	36,218	4,488	40,706
Disposal of controlled entities (refer to Note 6)	(9,771)	-	(1,123)	(10,894)
Amortisation expense	-	(11,766)	(2,230)	(13,996)
<b>At 31 December 2014, net of accumulated amortisation and impairment</b>	<b>1,324,408</b>	<b>80,786</b>	<b>15,712</b>	<b>1,420,906</b>
<b>Year ended 30 June 2014</b>				
At 1 July 2013, net of accumulated amortisation and impairment	1,186,095	30,186	5,962	1,222,243
Purchases	-	45,418	5,378	50,796
Acquisitions of entities	144,689	-	6,361	151,050
Amortisation expense	-	(19,720)	(3,124)	(22,394)
<b>At 30 June 2014, net of accumulated amortisation and impairment</b>	<b>1,330,784</b>	<b>56,334</b>	<b>14,577</b>	<b>1,401,695</b>
<b>At 31 December 2014</b>				
Cost (gross carrying amount)	1,657,408	132,016	29,720	1,819,144
Accumulated amortisation and impairment	(333,000)	(51,230)	(14,008)	(398,238)
<b>Net carrying amount</b>	<b>1,324,408</b>	<b>80,786</b>	<b>15,712</b>	<b>1,420,906</b>
<b>At 30 June 2014</b>				
Cost (gross carrying amount)	1,663,784	96,124	26,354	1,786,262
Accumulated amortisation and impairment	(333,000)	(39,790)	(11,777)	(384,567)
<b>Net carrying amount</b>	<b>1,330,784</b>	<b>56,334</b>	<b>14,577</b>	<b>1,401,695</b>

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

<sup>2</sup> The balance at 1 July 2014 reflects the finalisation during the period of the fair value of the assets and liabilities arising from the acquisition of Swan Television and Radio Broadcasters Pty Ltd on 30 September 2013. This resulted in an increase in the fair value of goodwill on acquisition and a reduction in the value of property, plant and equipment of \$3,395,000 due to the re-assessment of the value of property, plant and equipment acquired.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 10. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2014 \$'000	30 June 2014 \$'000
<b>Current</b>		
Lease liabilities – secured <sup>1</sup>	39	106
<b>Total current interest-bearing loans and borrowings</b>	<b>39</b>	<b>106</b>
<b>Non-current</b>		
Lease liabilities – secured <sup>1</sup>	72	83
Bank facilities – secured <sup>2</sup>	584,984	602,885
<b>Total non-current interest-bearing loans and borrowings</b>	<b>585,056</b>	<b>602,968</b>

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

<sup>2</sup> Includes unamortised financing costs of \$5,016,000 (June 2014: \$5,653,000).

### 11. PROVISIONS

	Employee entitlements \$'000	Onerous contracts \$'000	Other \$'000	Total \$'000
<b>Period ended 31 December 2014</b>				
At 1 July 2014	54,211	7,704	39,018	100,933
Arising/(utilised) during the period	547	(3,624)	(2,721)	(5,798)
<b>At 31 December 2014</b>	<b>54,758</b>	<b>4,080</b>	<b>36,297</b>	<b>95,135</b>
<b>Year ended 30 June 2014</b>				
At 1 July 2013	40,325	17,505	56,250	114,080
Arising/(utilised) during the period	13,886	(9,801)	(17,232)	(13,147)
<b>At 30 June 2014</b>	<b>54,211</b>	<b>7,704</b>	<b>39,018</b>	<b>100,933</b>
<b>At 31 December 2014</b>				
Current	31,688	3,113	18,905	53,706
Non-current	23,070	967	17,392	41,429
<b>Total at 31 December 2014</b>	<b>54,758</b>	<b>4,080</b>	<b>36,297</b>	<b>95,135</b>
<b>At 30 June 2014</b>				
Current	32,022	6,065	17,402	55,489
Non-current	22,189	1,639	21,616	45,444
<b>Total at 30 June 2014</b>	<b>54,211</b>	<b>7,704</b>	<b>39,018</b>	<b>100,933</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. CONTRIBUTED EQUITY

	31 Dec 2014 \$'000	30 June 2014 \$'000
<b>Issued share capital</b>		
Ordinary shares fully paid	854,648	862,725
<b>Issued share capital</b>	<b>854,648</b>	<b>862,725</b>
<b>Movements in issued share capital – ordinary shares</b>		
Carrying amount at the beginning of the period	862,725	2,773,295
Purchase of Rights Plan shares (refer to Note 15)	(12,192)	-
Vesting of Rights Plan shares (refer to Note 15)	4,115	-
Capital reduction	-	(2,190,809)
Issue of shares	-	275,001
Transaction costs related to the issue of shares	-	(10,525)
Deferred tax asset in relation to transaction costs	-	3,158
Issue of shares to employees and directors	-	12,212
Conversion of restricted share units	-	393
<b>Carrying amount at the end of the period</b>	<b>854,648</b>	<b>862,725</b>

	31 Dec 2014 Number	30 June 2014 Number
<b>Issued share capital</b>		
Ordinary shares fully paid	940,295,023	940,295,023
<b>Movements in issued share capital – ordinary shares</b>		
Carrying amount at the beginning of the period	940,295,023	199,999,958
Share split	-	599,999,874
Issue of shares	-	134,146,341
Issue of shares to employees and directors	-	5,957,074
Conversion of restricted share units	-	191,776
<b>Carrying amount at the end of the period</b>	<b>940,295,023</b>	<b>940,295,023</b>

At 31 December 2014, a trust on behalf of the Company held 3,995,609 (30 June 2014: nil) of ordinary fully paid shares in the Company. These were purchased during the period for the purpose of allowing the Group to satisfy performance rights to certain senior management of the Group. Refer to Note 15 for further details on the performance rights plan.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13. CASH AND CASH EQUIVALENTS

	31 Dec 2014 \$'000	30 June 2014 \$'000
Cash on hand and at bank	108,042	93,310
Cash held on Trust	133,568	126,457
<b>Total cash and cash equivalents</b>	<b>241,610</b>	<b>219,767</b>

### 14. CONTINGENT LIABILITIES AND RELATED MATTERS

Contingent liabilities are unsecured and relate primarily to the following:

	31 Dec 2014 \$'000	30 June 2014 \$'000
<b>Controlled entities</b>		
The consolidated entity has made certain guarantees regarding contractual, performance and other commitments	8,962	8,841

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.

### 15. SHARE-BASED PAYMENTS

#### Performance rights

On 10 December 2013, the Company granted 6,183,414 performance rights ("Rights") to certain senior management which vest over a three year period. The Rights were issued at fair value of \$2.05 per share resulting in a cost of \$2,640,834 for the half year 31 December 2014 which has been expensed in the profit and loss for the period and included in the share based payments reserve in equity during the period.

During the period, 6,003,083 shares in the parent entity to the value of \$12,192,321 were purchased by a trust on behalf of the Company. These shares will be used by the trust to satisfy grants to holders of the Rights on vesting in lieu of the Company issuing new shares. The consideration paid to the trust to acquire these shares has been deducted from total shareholders' equity (refer to page 10).

On 11 December 2014, 2,007,474 Rights vested and the shares were issued to senior management. 160,992 Rights were forfeited in the period as employees left the Group. The remaining Rights vest according to the following schedule:

Vesting date	No. rights vesting
11 December 2015	2,007,474
11 December 2016	2,007,474

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 16. FINANCIAL INSTRUMENTS

#### 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 cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair value.

The Group uses various methods in estimating the fair value of a financial asset or liability. 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, through valuation techniques including forward pricing and swap models and using present value calculations. The models incorporate various inputs including credit quality of counterparties and foreign exchange spot, forward rates and listed share prices. Fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Fair values hierarchy has been determined as follows for financial assets and financial liabilities of the Group at 31 December 2014.

Level 1: Investment in listed equities.

Level 2: Forward foreign exchange contracts, interest-bearing borrowings and options over listed equities.

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

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

	31 December 2014		30 June 2014	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Derivative financial assets</b>				
Option over listed entities – current	895	895	1,481	1,481
Cross currency cash flow hedges – current	2,165	2,165	-	-
<b>Total derivative financial instruments - assets</b>	<b>3,060</b>	<b>3,060</b>	<b>1,481</b>	<b>1,481</b>
<b>Derivative financial liabilities</b>				
Cross currency cash flow hedges – current	-	-	203	203
<b>Total derivative financial instruments - liabilities</b>	<b>-</b>	<b>-</b>	<b>203</b>	<b>203</b>
<b>Investments in listed equities</b>	<b>29,458</b>	<b>29,458</b>	<b>20,883</b>	<b>20,883</b>
<b>Loan facilities – non-current</b>				
Syndicated facility secured – at amortised cost	590,000	590,000	608,538	608,538
<b>Total loan facilities</b>	<b>590,000</b>	<b>590,000</b>	<b>608,538</b>	<b>608,538</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 17. EARNINGS PER SHARE

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

	31 Dec 2014 \$'000	31 Dec 2013 \$'000
<b>Net profit attributable to ordinary equity holders for basic and diluted earnings</b>	<b>90,980</b>	<b>31,679</b>

	31 Dec 2014 No. '000	31 Dec 2013 No. '000
Weighted average number of ordinary shares for basic earnings per share	938,104	820,010
<i>Effect of dilution:</i>		
Restricted share units	-	166
Rights Plan shares <sup>1</sup>	2,191	-
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>940,295</b>	<b>820,176</b>

<sup>1</sup> Rights Plan shares have been calculated as a weighted average from the date of purchase less the weighted average of shares vested during the period under the performance rights plan (refer to Note 15).

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.

### 18. EVENTS AFTER THE BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

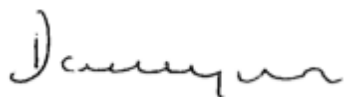


## DIRECTORS' DECLARATION

In accordance with the resolution of the Directors of Nine Entertainment Co. Holdings Limited, in the opinion of the Directors:

- (a) The financial statements and notes of Nine Entertainment Co. Holdings Limited for the half year ended 31 December 2014 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 31 December 2014 and of its performance for the half year ended on that date; and
  - ii. complying with Accounting Standards and the *Corporations Regulations 2001*
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



David Haslingden  
Chairman



David Gyngell  
Chief Executive Officer and Director

Sydney, 26 February 2015

To the members of Nine Entertainment Co. Holdings Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Nine Entertainment Co. Holdings Limited (“the company”), which comprises the consolidated condensed statement of financial position as at 31 December 2014, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information and the directors’ declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors’ Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The directors are also responsible for such internal controls that the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor’s Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity’s financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Nine Entertainment Co. Holdings Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

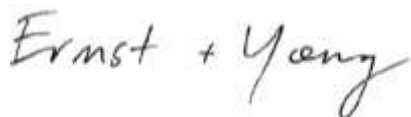
### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor’s Independence Declaration.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nine Entertainment Co. Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- i giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



John Robinson  
Partner  
Sydney  
26 February 2015