Nine Entertainment Co. Holdings Limited

ABN 60 122 203 892

25 February 2016: Nine Entertainment Co. Holdings Limited [ASX:NEC] today announced the half yearly results for the six months ended 31 December 2015 (H1 FY16).

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

1. Appendix 4D
2. H1 FY16 Financial Report

Appendix 4D
For the half year ended 31 December 2015

Results for Announcement to the Market

Key Financial Information[1]		Dec 2015 $'000	Dec 2014 $'000
Revenue from ordinary continuing activities, excluding specific items	Down 5% to	692,185	728,293
Profit from ordinary continuing activities after tax attributable to members	Down 63% to	28,180	75,842
Net profit from ordinary activities after tax, excluding specific items	Down 10% to	79,970	88,809

Dividends

A fully franked dividend of 5 cents per share amounting to $44,625,470 was paid in October 2015 (31 December 2014: $39,492,384).

Net Tangible Assets per Share

	Dec 2015 cents	June 2015 cents
Net tangible asset backing per ordinary share	37.7	8.3
Net asset backing per ordinary share	148.9	119.8

[1] Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2015 half year Financial Report.

Nine Entertainment Co. Holdings Limited

ABN 60 122 203 892

Financial Report for the half year ended 31 December 2015

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Directors' Report

The Directors present their financial report for the half year ended 31 December 2015. 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	
Hugh Marks	Chief Executive Officer [1]	6 February 2013	
Peter Costello	Independent Non-Executive Director	6 February 2013	
Kevin Crowe Jr	Non-Executive Director	6 February 2013	13 November 2015
David Gyngell	Non-Executive Director [2]	25 November 2010	
Holly Kramer	Independent Non-Executive Director	6 May 2015	
Steve Martinez	Independent Non-Executive Director [3]	6 February 2013	

[1] Mr Marks was an independent non-executive director of the Company until 10 November 2015, when he was appointed Chief Executive Officer.

[2] Mr Gyngell was Chief Executive Officer of the Company until his resignation from that role which took effect on 30 November 2015.

[3] Mr Martinez became an independent director on 23 November 2015, when the Apollo group sold its remaining shareholding in the Company.

Dividends

A fully franked dividend of 5.0 cents per share in respect of the year ending 30 June 2015 amounting to $44,625,470 was paid in the period ended 31 December 2015 (31 December 2014: $39,492,384).

Operating and Financial Review

Financial Results

For the period to 31 December 2015, the Group reported a consolidated net profit after income tax of $320,836,000 (31 December 2014: $90,980,000).

The Group's revenues from continuing operations for the period to 31 December 2015 decreased by $44,473,000 (6%) to $692,185,000 (31 December 2014: $736,658,000).

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(iv)) for continuing operations for the period ended 31 December 2015 was $127,883,000 (31 December 2014: $134,949,000).

The Group's cash flows from operations for the period to 31 December 2015 were $66,463,000 (31 December 2014: $133,112,000).

Segmental Results

Nine Network

Revenue decreased by $34.8 million (5%) from the comparative period. The decrease is primarily a result of softer advertising market conditions and a decline in Nine's share of market revenue.

The EBITDA result decreased by $11.4 million (9%) from the comparative period. The decrease reflects the impact of softer revenues offset by lower costs.

Nine Digital

Revenue decreased by $1.7 million (2%) and EBITDA increased by $1.4 million (13%) from the comparative period. This is a result of a focus on more profitable revenue streams as well as firm cost controls.

Directors' Report (continued)

Disposal of Live and repayment of Debt

On 31 July 2015 the Group disposed of the controlled entity A.C.N 604 938 534 Pty Ltd and its subsidiaries (collectively "Live") for an enterprise value of $640 million subject to normal completion adjustments (refer to Note 6(a) for further detail), which resulted in a gain on sale of $410,217,000 (pre-tax) and $289,313,000 (post-tax). During the period Live contributed an EBITDA of $7.7 million.

Following the receipt of the proceeds from the disposal, on 5 August 2015 the Group repaid the $580 million debt which was drawn at 30 June 2015.

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 3.

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

Hugh Marks
Chief Executive Officer and Director

Sydney, 25 February 2016

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 2015, 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

Sydney, 25 February 2016

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2015

	Note	31 Dec 2015 $'000	31 Dec 2014 $'000 Restated*
Continuing operations			
Revenues	3	692,185	736,658
Expenses	3	(632,688)	(611,029)
Finance costs	3	(6,638)	(16,286)
Share of profits of associate entities		1,264	1,648
Profit from continuing operations before income tax expense		54,123	110,991
Income tax expense	5	(25,943)	(35,149)
Net profit from continuing operations for the period attributable to equity holders		28,180	75,842
Discontinued operations			
Profit from discontinued operations after income tax – Live business	6(a)	292,656	15,138
Net profit for the period		320,836	90,980
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		285	492
Reclassification of foreign currency translation reserve to profit from discontinued operations	6(a)	634	–
Fair value movement in cash flow hedges		–	431
Items that will not be reclassified subsequently to profit or loss			
Fair value movement in investment in listed equities		(10,065)	(3,423)
Actuarial (loss)/gain on defined benefit plan		(989)	282
Other comprehensive loss for the period		(10,135)	(2,218)
Total comprehensive income for the period attributable to equity holders		310,701	88,762
Earnings per share			
Basic profit attributable to ordinary equity holders of the parent	17	$0.36	$0.10
Diluted profit year attributable to ordinary equity holders of the parent	17	$0.36	$0.10
Earnings per share for continuing operations			
Basic profit from continuing operations attributable to ordinary equity holders of the parent	17	$0.03	$0.08
Diluted profit from continued operations attributable to ordinary equity holders of the parent	17	$0.03	$0.08

* Prior year results are restated for discontinued operations of Live as per AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. Refer to Note 6(a) for further detail.

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	31 Dec 2015 $'000	30 June 2015 $'000
Current assets			
Cash and cash equivalents	13	52,604	50,855
Trade and other receivables		263,079	281,698
Program rights		157,216	192,637
Derivative financial instruments	16	104	436
Other assets		23,936	25,136
Property, plant and equipment held for sale		9,339	11,916
Assets of discontinued operations	6(a)	–	424,107
Total current assets		506,278	986,785
Non-current assets			
Receivables		40,016	23,548
Program rights		62,146	36,353
Investments in associates accounted for using the equity method	7	20,345	19,081
Investment in listed or unlisted equities	16	13,748	23,813
Property, plant and equipment		120,550	118,769
Licences	8	477,784	493,870
Other intangible assets	9	500,175	514,026
Deferred tax assets	5(b)	–	67,734
Property, plant and equipment held for sale		36,209	36,209
Other assets		102,140	100,112
Total non-current assets		1,373,113	1,433,515
Total assets		1,879,391	2,420,300
Current liabilities			
Trade and other payables		310,576	398,129
Interest-bearing loans and borrowings	10	24	23
Current income tax liabilities		48,608	4,786
Provisions	11	45,006	42,315
Derivative financial instruments	16	44	297
Liabilities of discontinued operations	6(a)	–	230,476
Total current liabilities		404,258	676,026
Non-current liabilities			
Payables		56,859	37,460
Interest-bearing loans and borrowings	10	48	575,671
Deferred tax liabilities	5(b)	47,555	–
Provisions	11	49,566	37,317
Derivative financial instruments	16	11,300	11,113
Total non-current liabilities		165,328	661,561
Total liabilities		569,586	1,337,587
Net assets		1,309,805	1,082,713
Equity			
Contributed equity	12	757,211	793,004
Reserves		5,609	18,935
Retained earnings		546,985	270,774
Total equity attributable to equity holders		1,309,805	1,082,713

Consolidated Statement of Cash Flows

For the half year ended 31 December 2015

	Note	31 Dec 2015* $'000	31 Dec 2014 $'000
Cash flows from operating activities			
Receipts from customers		868,463	943,183
Payments to suppliers and employees		(782,222)	(804,996)
Dividends received – associates		1,500	1,333
Interest received		1,092	2,295
Interest and other costs of finance paid		(12,003)	(4,406)
Income tax paid		(10,367)	(4,297)
Net cash flows from operating activities		66,463	133,112
Cash flows from investing activities			
Purchase of property, plant and equipment		(15,853)	(10,885)
Purchase of venue ticketing rights		(10,628)	(11,126)
Purchase of other intangible assets		(5,001)	(3,931)
Proceeds on disposal of property, plant and equipment		2,577	–
Acquisition of subsidiaries		(17,100)	–
Investment in listed equities and associates		(500)	(18,950)
Net proceeds from sale of controlled entities, (net of cash acquired)	6(a)	534,880	6,923
Net cash flows from/(used in) investing activities		488,375	(37,969)
Cash flows from financing activities			
Proceeds from borrowings		170,000	110,000
Repayment of borrowings		(750,010)	(128,616)
Shares purchased in the parent held for settlement of Rights Plan		–	(12,192)
Share buy-back	12	(38,385)	–
Loans to associates		(19,100)	(3,000)
Dividends paid	4	(44,625)	(39,492)
Net cash flows used in financing activities		(682,120)	(73,300)
Net (decrease)/increase in cash and cash equivalents		(127,282)	21,843
Cash and cash equivalents at the beginning of the financial year		179,886	219,767
Cash and cash equivalents at the end of the period	13	52,604	241,610

*The consolidated statement of cash flows for the half year ended 31 December 2015 and 31 December 2014 includes the cashflows relating to the discontinued operations.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2015

	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 $'000	Total equity $'000
At 1 July 2015	801,031	(8,027)	(2,171)	12,504	–	5,431	3,171	270,774	1,082,713
Profit for the period	–	–	–	–	–	–	–	320,836	320,836
Other comprehensive income/(expense) for the period	–	–	919	(11,054)	–	–	–	–	(10,135)
Total comprehensive income/(expense) for the period	–	–	919	(11,054)	–	–	–	320,836	310,701
Transactions with owners in their capacity as owners:									
Share buy-back (Note 12)	(38,385)	–	–	–	–	–	–	–	(38,385)
Vesting of Rights Plan shares (Note 15)	–	2,592	–	–	–	(4,809)	–	–	(2,217)
Share based payment expense (Note 15)	–	–	–	–	–	1,618	–	–	1,618
Dividends to shareholders	–	–	–	–	–	–	–	(44,625)	(44,625)
At 31 December 2015	762,646	(5,435)	(1,252)	1,450	–	2,240	3,171	546,985	1,309,805

	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 $'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)
Total comprehensive income/(expense) for the period	–	–	492	(3,141)	431	–	–	90,980	88,762
Transactions with owners in their capacity as owners:									
Purchase of Rights Plan shares (Note 15)	–	(12,192)	–	–	–	–	–	–	(12,192)
Vesting of Rights Plan shares (Note 15)	–	4,115	–	–	–	(4,115)	–	–	–
Share based payment expense (Note 15)	–	–	–	–	–	2,641	–	–	2,641
Dividends to shareholders	–	–	–	–	–	–	–	(39,492)	(39,492)
At 31 December 2014	862,725	(8,077)	(2,353)	11,901	(280)	3,045	3,171	993,237	1,863,369

Notes to the Consolidated Financial Statements
for the half year ended 31 December 2015

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 2015 were authorised for issue in accordance with a resolution of the Directors on 25 February 2016.

a) Basis of preparation

The condensed consolidated financial statements for the half year ended 31 December 2015 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 2015.

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 and accounting standards

The accounting policies adopted in the preparation of the financial report are consistent with those applied and disclosed in the 2015 annual financial report. The Group has not early adopted any further standards, interpretations or amendments that have been issued but are not yet effective.

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.
- Digital – includes ninemsn Pty Limited and other digital activities.

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 3(iv)) which are included in corporate costs or 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 2015	Television $'000	Digital $'000	Consolidated $'000
(i) Segment revenue			
Operating revenue	610,711	79,604	690,315
Inter-segment revenue	1,121	23	1,144
Total segment revenue	611,832	79,627	691,459
Reconciliation of segment revenue from continuing operations to the Consolidated Statement of Comprehensive Income			
Interest income			1,870
Inter-segment eliminations			(1,144)
Segment revenue from continuing operations per the Consolidated Statement of Comprehensive Income			692,185
(ii) Segment result			
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	120,467	12,198	132,665
Depreciation and amortisation	(13,484)	(2,077)	(15,561)
Segment earnings before interest and tax (EBIT)	106,983	10,121	117,104
Share of associates' net profit after tax			1,264
EBIT after share of associates			118,368
Reconciliation of segment EBIT after share of associates to profit from continuing operations before tax to the Consolidated Statement of Comprehensive Income			
Corporate costs			(6,179)
Specific items (Note 3(iv))			(53,298)
Interest income			1,870
Finance costs			(6,638)
Profit from continuing operations before tax per the Consolidated Statement of Comprehensive Income			54,123

Notes to the Consolidated Financial Statements (continued)

2. SEGMENT INFORMATION (continued)

Period ended 31 December 2014	Television $'000	Digital $'000	Consolidated $'000
(i) Segment revenue			
Operating revenue	645,474	81,269	726,743
Inter-segment revenue	67	–	67
Total segment revenue	645,541	81,269	726,810
Reconciliation of segment revenue from continuing operations to the Consolidated Statement of Comprehensive Income			
Gain on sale of HWW Pty Ltd			8,365
Interest income			1,550
Inter-segment eliminations			(67)
Segment revenue from continuing operations per the Consolidated Statement of Comprehensive Income			736,658
(ii) Segment result			
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	131,832	10,762	142,594
Depreciation and amortisation	(12,841)	(1,797)	(14,638)
Segment earnings before interest and tax (EBIT)	118,991	8,965	127,956
Share of associates' net profit after tax			1,648
EBIT after share of associates			129,604
Reconciliation of segment EBIT after share of associates to profit from continuing operations before tax to the Consolidated Statement of Comprehensive Income			
Corporate costs			(9,427)
Specific items (Note 3(iv))			5,550
Interest income			1,550
Finance costs			(16,286)
Profit from continuing operations before tax per the Consolidated Statement of Comprehensive Income			110,991

Notes to the Consolidated Financial Statements (continued)

3. REVENUE AND EXPENSES

	31 Dec 2015 $'000	31 Dec 2014 $'000 Restated*
Profit before income tax expense includes the following revenues and expenses:		
(i) Revenues and income from continued operations		
Revenue from rendering services	690,315	726,743
Interest income	1,870	1,550
Gain on disposal of HWW Pty Ltd	–	8,365
Total revenues and income from continuing operations	692,185	736,658
(ii) Expenses from continuing operations		
Television activities	549,411	526,483
Other activities	83,277	84,546
Total expenses from continuing operations	632,688	611,029
(iii) Other expense disclosures from continuing operations (included in expenses (ii) above)		
Depreciation of non-current assets		
Buildings	1,394	1,381
Plant and equipment	11,742	11,201
Total depreciation	13,136	12,582
Amortisation of non-current assets		
Plant and equipment under finance lease	21	49
Leasehold property	912	1,066
Other assets	1,625	1,075
Total amortisation	2,558	2,190
Total depreciation and amortisation expense	15,694	14,772
Salary and employee benefit expense (included in expenses (ii) above)	172,567	174,488
Program rights (included in expenses (ii) above)	230,057	242,332
(iv) Specific items from continuing operations included in income (i) and expenses (ii) above:		
Goodwill impairment (Note 9)	17,227	–
Licence impairment (Note 8)	16,086	–
Program stock write-down[1]	12,128	–
Write-off of loans to DailyMail.com Australia Pty Ltd (Note 7(b))	5,905	–
Mark to market of derivatives	376	586
Other	1,576	2,229
Gain on disposal of HWW Pty Ltd	–	(8,365)
Total specific items included in income (i) and expenses (ii) above	53,298	(5,550)
(v) Finance costs		
Finance costs expensed:		
Interest on debt facilities	4,507	15,642
Write-off of debt establishment fees for debt cancelled	1,477	–
Amortisation of debt facility establishment costs	650	637
Finance leases	4	7
Total finance costs	6,638	16,286

*Prior year results are restated for discontinued operations of Live as per AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. Refer to Note 6(a) for further detail.

[1] The program stock write-down principally relates to the Group's overseas content agreements as a result of diminishing viewership and consequent revised airing strategy for this content

Notes to the Consolidated Financial Statements (continued)

4. DIVIDENDS PAID AND PROPOSED

Nine Entertainment Co. Holdings Limited paid a fully franked dividend of 5.0 cents per share in respect of the year ending 30 June 2015 amounting to $44,625,470 during the period (31 December 2014: $39,492,384). The Company has not declared any dividend subsequent to 31 December 2015.

5. INCOME TAX

	31 Dec 2015 $'000	31 Dec 2014 $'000 Restated*
a) Income tax expense		
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:		
Profit from continuing operations	54,123	110,991
Profit from discontinued operations	415,333	21,524
Profit before income tax	469,456	132,515
Prima facie income tax expense at the Australian rate of 30%	140,837	39,754
Tax effect of:		
Share of associates' net profits	(379)	(494)
Difference between tax and accounting profit from disposal of Live	(2,161)	–
Gain on disposal of investments and assets	424	1,539
Deferred tax liability movement in investment	–	211
Impairment and write down of investments	10,107	177
Other items – net	(208)	348
Income tax expense	148,620	41,535
Current tax expense	177,572	33,370
Deferred tax expense relating to the origination and reversal of temporary differences	(28,952)	8,165
Income tax expense	148,620	41,535
Aggregate income tax expense is attributable to:		
Continuing operations	25,943	35,149
Discontinued operations	122,677	6,386
Income tax expense	148,620	41,535

*Prior year results are restated for discontinued operations of Live as per AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. Refer to Note 6(a) for further detail.

Notes to the Consolidated Financial Statements (continued)

5. INCOME TAX (continued)

	31 Dec 2015 $'000	30 June 2015 $'000
b) Deferred income taxes		
Deferred income tax assets		
- Continuing operations	75,505	202,147
- Discontinued operations	–	3,672
Total deferred income tax assets	75,505	205,819
Deferred income tax liabilities		
- Continuing operations	(123,060)	(134,413)
- Discontinued operations	–	(46,879)
Total deferred income tax liabilities	(123,060)	(181,292)
Net deferred income tax (liabilities)/assets continuing operations	(47,555)	67,734

	31 Dec 2015 $'000	30 June 2015 $'000	P&L Expense/ (Benefit) Movement $'000
c) Deferred income tax assets and liabilities at the end of the period			
TV licence fees accrued	10,127	17,875	7,748
Employee benefits provision	14,205	14,552	347
Other provisions and accruals	30,456	31,017	561
Disposal of discontinued operation[1]	–	101,034	–
Investments in associates	(1,592)	(1,581)	11
Accelerated depreciation for tax purposes	(120,093)	(155,764)	(35,671)
Other	19,342	17,394	(1,948)
Net deferred income tax (liabilities)/assets	(47,555)	24,527	(28,952)

[1] As at 30 June 2015, in respect of the disposal of Live, the Group recognised previously unrecognised capital losses of $413.3 million (which resulted in a deferred tax benefit of $124.0 million) and a deferred tax liability of $23.0 million.

	31 Dec 2015 $'000	30 June 2015 $'000
d) Deferred income tax assets not brought to account		
Capital losses	–	3,437

Notes to the Consolidated Financial Statements (continued)

6(a) DISCONTINUED OPERATIONS – LIVE BUSINESS

On 31 July 2015, the Group disposed of 100% of its Live business for an enterprise value of $640 million subject to normal completion adjustments.

	31 Dec 2015 $'000	31 Dec 2014 $'000
(i) Results of the discontinued operation:		
The results of the discontinued operation for the period are presented below:		
Revenue	57,260	103,517
Expenses	(52,144)	(81,993)
Results from operating activities	5,116	21,524
Income tax expense	(1,773)	(6,386)
Results from operating activities, net of tax	3,343	15,138
Gain on sale of discontinued operation	410,217[1]	–
Income tax expense on gain on sale of discontinued operation	(120,904)	–
Profit for the year from discontinued operation[2]	292,656	15,138
(ii) Earnings per share		
Basic and diluted, profit for the year from the discontinued operation	$0.33	$0.02

[1] The profit on disposal includes the recycling of the foreign currency translation reserve loss of $634,000 through profit and loss.

[2] The profit from the discontinued operation of $292.7 million (31 December 2014: $15.1 million) is attributable entirely to the owners of the Company.

	31 Dec 2015 $'000	31 Dec 2014 $'000
(iii) Cash flows of the discontinued operation were as follows:		
Operating activities	1,120	40,389
Investing activities	(11,293)	(14,586)
Financing activities	–	(3,000)
Net cash (outflow)/inflow	(10,173)	22,803
Net cash inflow on disposal		
Cash consideration (net of associated costs)	642,501	–
Less cash held on Trust transferred on disposal	(107,621)	–
Net cash inflow associated with the discontinued operation for the year	534,880	–

Notes to the Consolidated Financial Statements (continued)

6(a) DISCONTINUED OPERATIONS – LIVE BUSINESS (continued)

	30 June 2015 $'000
(iv) Assets and liabilities of the discontinued operation:	
The major assets and liabilities of the Live Group held for sale as at 30 June 2015 and subsequently disposed of were as follows:	
Assets	
Cash and cash equivalents	129,031
Trade and other receivables	24,477
Inventories	845
Other assets	1,762
Property, plant and equipment	17,473
Other intangibles	250,519
Total assets	424,107
Liabilities	
Trade and other payables	(181,508)
Deferred tax liabilities	(43,207)
Provisions	(5,761)
Total liabilities	(230,476)
Net assets associated with the discontinued operation	193,631

6(b) BUSINESS COMBINATIONS

There were no material business combinations for the half year ended 31 December 2015.

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a) Investments at equity accounted amount:

	31 Dec 2015 $'000	30 June 2015 $'000
Associated entities – unlisted shares	20,345	19,081

Notes to the Consolidated Financial Statements (continued)

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

b) Investments in associates and Joint ventures

	31 Dec 2015 % interest [1]	30 June 2015 % interest [1]
Australian News Channel Pty Ltd	33	33
DailyMail.com Australia Pty Ltd[2]	50	50
Darwin Digital Television Pty Ltd	50	50
Intrepica Pty Ltd	32	30
IEC Exhibitions Pty Ltd[3]	–	25
Oztam Pty Ltd	33	33
RateCity Pty Limited	50	50
Stan Entertainment Pty Ltd	50	50
TX Australia Pty Ltd	33	33

[1] The proportion of ownership interest is equal to the proportion of voting power held.

[2] On 1 February 2016, the Company disposed of its interest in DailyMail.com Australia Pty Ltd.

[3] IEC Exhibitions Pty Ltd is an associate of the discontinued operations that was sold on 31 July 2015.

c) Carrying amount of investments in associates

	31 Dec 2015 $'000	30 June 2015 $'000
Balance at the beginning of the period	19,081	38,081
Acquired during the period	1,500	6,950
Share of associates' net profit for the period	1,264	3,353
Dividends received or receivable	(1,500)	(3,333)
Write-down of investments	–	(25,970)
Carrying amount of investments in associates at the end of the period	20,345	19,081

8. LICENCES

	31 Dec 2015 $'000	30 June 2015 $'000
Balance at the beginning of the period, net of accumulated impairment	493,870	593,353
Impairment loss[1]	(16,086)	(99,483)
Balance at the end of the period, net of accumulated impairment	477,784	493,870
Cost (gross carrying amount)	1,450,353	1,450,353
Accumulated impairment	(972,569)	(956,483)
Net carrying amount	477,784	493,870

[1] Refer to Note 9 for further detail on the recoverable amount of licences.

Notes to the Consolidated Financial Statements (continued)

9. OTHER INTANGIBLE ASSETS

	Goodwill $'000	Venue Ticketing Rights $'000	Other[1] $'000	Total $'000
Period ended 31 December 2015				
At 1 July 2015, net of accumulated amortisation and impairment	506,015	–	8,011	514,026
Purchases	–	–	5,001	5,001
Amortisation expense	–	–	(1,625)	(1,625)
Impairment loss	(17,227)	–	–	(17,227)
At 31 December 2015, net of accumulated amortisation and impairment	488,788	–	11,387	500,175
Year ended 30 June 2015				
At 1 July 2014, net of accumulated amortisation and impairment	1,334,179	56,334	14,577	1,405,090
Purchases	–	40,599	6,065	46,664
Disposal of controlled entities	(9,771)	–	(1,123)	(10,894)
Acquisition of controlled entities	19,307	–	–	19,307
Amortisation expense	–	(23,627)	(4,678)	(28,305)
Impairment loss	(667,317)	–	–	(667,317)
Discontinued operations (Note 6(a))	(170,383)	(73,306)	(6,830)	(250,519)
At 30 June 2015, net of accumulated amortisation and impairment	506,015	–	8,011	514,026
At 31 December 2015				
Cost (gross carrying amount)	1,335,949	–	19,294	1,355,243
Accumulated amortisation and impairment	(847,161)	–	(7,907)	(855,068)
Net carrying amount	488,788	–	11,387	500,175
At 30 June 2015				
Cost (gross carrying amount)	1,506,332	136,723	31,297	1,674,352
Accumulated amortisation and impairment	(829,934)	(63,417)	(16,456)	(909,807)
Discontinued operations	(170,383)	(73,306)	(6,830)	(250,519)
Net carrying amount	506,015	–	8,011	514,026

[1] Includes capitalised development costs being an internally generated intangible asset.

Notes to the Consolidated Financial Statements (continued)

9. OTHER INTANGIBLE ASSETS (continued)

(a) Allocation of non-amortising intangibles and goodwill

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

	31 Dec 2015 $'000	30 June 2015 $'000
Nine Network	466,784	466,784
NBN	11,000	27,086
Total licences	477,784	493,870

	31 Dec 2015 $'000	30 June 2015 $'000
Nine Network	421,913	421,913
NBN	-	17,227
Digital	66,875	66,875
Total goodwill	488,788	506,015

(b) Determination of recoverable amount

The recoverable amount of the following CGUs, which are classified within Level 3 of the fair value hierarchy, is determined based on fair value less cost of disposal calculations using discounted cash flow projections based on financial forecasts covering a five-year period:

- Nine Network
- NBN
- Digital

The cash flow projections which are used in determining any impairment require management to make significant estimates and judgements. Key assumptions in preparing the cash flow projections for Nine Network and Digital are set out in the annual financial report as at 30 June 2015. Management has determined that there is no impairment for Nine Network and Digital as at 31 December 2015.

(c) Impairment losses recognised

As a result of lower than previously expected revenue forecast in the regional Free-to-Air television advertising market, the following impairments were recognised:

- An impairment of $16.1 million in respect of NBN's TV licence was recognised in the half year ended 31 December 2015 (30 June 2015: $99.5 million).
- An impairment of $17.2 million in respect of goodwill relating to NBN was recognised in the half year ended 31 December 2015 (30 June 2015: Nine Network $653.0 million and NBN $14.3 million).

(d) Key assumptions

The key assumptions on which management has based its cash flow projections when determining the fair value less cost of disposal calculations for NBN are as follows:

- The advertising market for Regional Free-to-Air television declines over the remainder of the 2016 financial year followed by further low single digit declines.

Notes to the Consolidated Financial Statements (continued)

9. OTHER INTANGIBLE ASSETS (continued)

(d) Key assumptions (continued)

- NBN's share of the Regional Free-to-Air advertising market for the 2016 financial year and in future years is assumed to remain stable.
- NBN's affiliate fee payable (as a % of gross revenue) as a regional broadcaster will progressively increase in line with industry expectations.
- The pre-tax discount rate applied to the cash flow projections was 16.5% (30 June 2015: 14.6%) 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 0.0% (30 June 2015: 2.0%).

10. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2015 $'000	30 June 2015 $'000
Current		
Lease liabilities – secured [1]	24	23
Total current interest-bearing loans and borrowings	24	23
Non-current		
Bank facilities – unsecured [2]	–	575,611
Lease liabilities – secured [1]	48	60
Total non-current interest-bearing loans and borrowings	48	575,671

[1] Lease liabilities are secured by a charge over the assets.

[2] On 5 August 2015 the Group repaid the $580 million which was drawn at 30 June 2015 under the Syndicated loan facility. As at 31 December 2015 the unamortised financing costs of $2,448,000 were included within current and non-current other assets. Bank facilities as at 30 June 2015 included unamortised financing costs of $4,389,000.

Notes to the Consolidated Financial Statements (continued)

11. PROVISIONS

	Employee entitlements $'000	Onerous contracts $'000	Other $'000	Total $'000
Period ended 31 December 2015				
At 1 July 2015	52,925	2,218	24,489	79,632
Arising/(utilised) during the period	(632)	(1,251)	16,823	14,940
At 31 December 2015	52,293	967	41,312	94,572
Year ended 30 June 2015				
At 1 July 2014	54,211	7,704	39,018	100,933
Arising/(utilised) during the period	2,219	(5,486)	(12,273)	(15,540)
Discontinued Operations (Note 6(a))	(3,505)	–	(2,256)	(5,761)
At 30 June 2015	52,925	2,218	24,489	79,632
At 31 December 2015				
Current	28,132	967	15,907	45,006
Non-current	24,161	–	25,405	49,566
Total at 31 December 2015	52,293	967	41,312	94,572
At 30 June 2015				
Current	29,782	1,394	11,139	42,315
Non-current	23,143	824	13,350	37,317
Total at 30 June 2015	52,925	2,218	24,489	79,632

Notes to the Consolidated Financial Statements (continued)

12. CONTRIBUTED EQUITY

	31 Dec 2015 $'000	30 June 2015 $'000
Issued share capital		
Ordinary shares fully paid	757,211	793,004
Issued share capital	757,211	793,004
Movements in issued share capital – ordinary shares		
Carrying amount at the beginning of the period	793,004	862,725
Purchase of Rights Plan shares (Note 15)	–	(12,192)
Vesting of Rights Plan shares (Note 15)	2,592	4,165
Share buy-back	(38,385)	(61,694)
Carrying amount at the end of the period	757,211	793,004

	31 Dec 2015 Number	30 June 2015 Number
Issued share capital		
Ordinary shares fully paid	879,472,924	903,997,035
Movements in issued share capital – ordinary shares		
Number at the beginning of the period	903,997,035	940,295,023
Share buy-back	(24,524,111)	(36,297,988)
Number at the end of the period	879,472,924	903,997,035

At 31 December 2015, a trust on behalf of the Company held 2,707,138 (30 June 2015: 3,971,219) of ordinary fully paid shares in the Company. These were purchased during the prior year 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.

During the current period, the Group completed an on-market share buy-back of 24,524,111 ordinary shares. The ordinary shares were purchased at an average share price of $1.57 per share. The cost of the share buy-back comprised a purchase consideration of $38,384,952 and associated transaction costs of $57,577.

During the prior year ending 30 June 2015, the Group completed an on-market share buy-back of 36,297,988 ordinary shares. The ordinary shares were purchased at an average share price of $1.70 per share. The cost of the share buy-back comprised a purchase consideration of $61,693,544 and associated transaction costs of $95,201.

13. CASH AND CASH EQUIVALENTS

	31 Dec 2015 $'000	30 June 2015 $'000
Cash balances representing continuing operations:		
- Cash on hand and at bank	52,604	50,855
Cash balances representing discontinuing operations:		
- Cash on hand and at bank	–	17,623
- Cash held on Trust	–	111,408
Total cash and cash equivalents	52,604	179,886

14. CONTINGENT LIABILITIES AND RELATED MATTERS

	31 Dec 2015 $'000	30 June 2015 $'000
Contingent liabilities are unsecured and relate primarily to the following:		
The consolidated entity has made certain guarantees regarding contractual, performance and other commitments	9,892	8,896

The probability of having to meet these contingent liabilities is less than probable, 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 following the Company's listing on the ASX. The Rights were issued at fair value of $2.05 per share, resulting in a cost of $1,234,633 for the period ended 31 December 2015 (30 June 2015: $5,076,500) 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 prior year, 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 have and will continue to 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 Note 12).

On 11 December 2014, 2,031,864 Rights vested and the shares were issued to senior management. On 11 December 2015, 1,996,091 Rights vested, resulting in 1,264,384 shares being transferred to employees. 138,210 Rights were forfeited in the period as employees left the Group (31 December 2014: 136,602).

1,861,949 Rights are due to vest on 11 December 2016 (some of which will be settled in cash in accordance with the plan rules).

After 31 December, the Company granted 2,669,892 performance rights ("New Rights") to certain senior management, with effective grant dates of 1 July 2015 or on the date of commencement of employment, where later. These New Rights will vest on 1 July 2018 dependent upon certain hurdles being met in respect of Total Shareholder Return and Earnings Per Share for the period 1 July 2015 to 30 June 2018. As at 31 December 2015 it has been assumed that all New Rights will vest. Each New Right has been valued at an average of $1.09, resulting in a cost of $382,791 for the period to 31 December 2015. That portion of the New Rights granted to the Chief Executive Officer remain subject to shareholder approval.

In accordance with the Performance Rights Plan terms and his termination agreement, the 1,463,414 Rights which David Gyngell held on the termination of his employment are to be cash settled. 731,707 of these rights were settled at a cost of $1,321,119 on vesting on 11 December 2015 and 731,707 Rights will vest on 11 December 2016 at a price to be determined based on a volume weighted average price of the shares of the Company in the 5 days immediately preceding vesting. This has resulted in a cost being recognised in the period of $604,166 as a Specific item, in respect of the tranche to vest on 11 December 2016, over and above the costs of these Rights which were recognised throughout the term of his employment, and a creditor of $1,499,999 being recognised as an estimate of the amount which will be paid on vesting in December 2016, based on the fair value of the Rights on granting of $2.05.

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.

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. The fair value of the option over the controlled entity is determined based on a multiple of the controlled entity's EBITDA at a future date. As such, the fair value of the financial liability moves based on the EBITDA of the controlled entity and a significant increase/(decrease) in the EBITDA of the controlled entity would result in higher/(lower) fair value of the financial liability.

Fair values hierarchy has been determined as follows for financial assets and financial liabilities of the Group at 31 December 2015.

Level 1: Investment in listed equities.
Level 2: Forward foreign exchange contracts, interest-bearing borrowings and options over listed equities.
Level 3: Options over unlisted shares.

There were no transfers between the Level 1, Level 2 and Level 3 fair value measurements during the half year.

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

	31 December 2015		30 June 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Financial assets				
Option over listed entities – current	104	104	436	436
Total financial instruments - assets	104	104	436	436
Financial liabilities				
Interest rate swap – current	–	–	297	297
Cross currency cash flow hedges - current	44	44	–	–
Lease liabilities - current	24	24	23	23
Lease liabilities - non current	48	48	60	60
Option over controlled entity – non current	11,300	11,300	11,113	11,113
Total financial instruments - liabilities	11,416	11,416	11,493	11,493
Investments in listed equities	13,748	13,748	23,813	23,813
Loan facilities – non-current				
Syndicated facility unsecured – at amortised cost	–	–	575,611	575,611
Total loan facilities	–	–	575,611	575,611

17. EARNINGS PER SHARE

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

	31 Dec 2015 $'000	31 Dec 2014 $'000
Net profit attributable to ordinary equity holders for basic and diluted earnings		
- Continuing operations	28,180	75,842
- Discontinued operations	292,656	15,138
Net profit for the period	320,836	90,980

	31 Dec 2015 No. '000	31 Dec 2014 No. '000
Weighted average number of ordinary shares for basic earnings per share	886,241	938,104
Effect of dilution:		
Rights Plan shares[1]	5,070	2,191
Weighted average number of ordinary shares adjusted for the effect of dilution	891,311	940,295

[1] 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. EXPENDITURE COMMITMENTS

a) Capital expenditure commitments

	Dec 2015 $'000	Jun 2015 $'000
(i) Estimated capital expenditure contracted for at balance date, but not provided for, payable:		
• within one year	16,757	12,409
• after one year but not more than five years	1,521	–
	18,278	12,409
(ii) Television program and sporting broadcast rights contracted for at balance date, but not provided for, payable:		
• within one year	224,138	239,237
• after one year but not more than five years	526,113	282,806
• later than five years	225,000	–
	975,251	522,043
(iii) Live contracts for venue rights and tour promotions contracted for at balance date, but not provided for, payable[1]:		
• within one year	–	22,916
• after one year but not more than five years	–	61,376
	–	84,292

[1] These commitments are in respect of discontinued operations.

Notes to the Consolidated Financial Statements (continued)

18. EXPENDITURE COMMITMENTS (continued)

(b) Lease expenditure commitments

There has been no material change in lease expenditure commitments relative to those disclosed in the 2015 annual financial report.

19. 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 2015 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 2015 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

Hugh Marks
Chief Executive Officer and Director

Sydney, 25 February 2016

Independent Auditor's Report to the Members of Nine Entertainment Co. Holdings Limited

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" or "the consolidated entity"), which comprises the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration, of the consolidated entity comprising 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 and fair presentation of the half-year 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 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 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations* 2001. As the auditor of Nine Entertainment Co. Holdings Limited, 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 the directors of the Company a written auditor's independence declaration, a copy of which is included in the director's report.

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:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

John Robinson
Partner
Sydney, 25 February 2016