

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

12. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

Current Year

Sensis disposal group and discontinued operation

On 17 December 2013, the Directors approved the divestment of 70 per cent of our directories business and on 13 January 2014 a sale agreement was signed.

The sale excludes voice services business and includes economic benefits to us from services we will continue to provide to Sensis Pty Ltd and its controlled entities (Sensis Group). Voice services, including the 1234 and 12456 services, are a part of our core telecommunication offering and will continue to be operated by us.

The Sensis Group represents a separate major line of business and is responsible for management of the domestic directories and advertising business, including print and digital directories, digital mapping and satellite navigation, digital display and business information services. This includes management of information brands such as Yellow Pages®, White Pages®, Whereis®, Citysearch®, Mediasmart® and Quotify®.

In accordance with AASB 5: "Non current Assets Held for Sale and Discontinued Operations", the Sensis Group was disclosed as a discontinued operation and the carrying value of assets and liabilities of the Sensis Group, with the exception of the cash balances which were excluded from the sale agreement, were classified as held for sale as at 31 December 2013 and measured at the lower of carrying amount and fair value less costs to sell prior to their disposal.

The sale was completed on 28 February 2014 via disposal of our 100 per cent shareholding in the Sensis Group for a total cash consideration of \$454 million and acquisition of 30 per cent shareholding in Project Sunshine I Pty Ltd, the new holding company of the Sensis Group.

On completion we deconsolidated 100 per cent of the balance sheet of the Sensis Group and recorded, at fair value of \$157 million, our 30 per cent interest in Project Sunshine I Pty Ltd. Our investment in the associate is based on a Level 3 fair value derived from a discounted cash flow model incorporating the impacts of debt in the business and certain preferential rights for the subordination of distributions to equity holders in favour of the purchaser. The discount rate applied was 11.5 per cent with a nil terminal growth rate. The investment in the associate is equity accounted from 1 March 2014, which means that we record our 30 per cent share of the associate's net profit after tax as part of our continuing operations.

The Sensis Group results are reported in the "All Other" category in our segment disclosures in note 5 and include eight months (2013: 12 months) of consolidated results to the date of disposal and a \$24 million (2013: nil) share of net profit from our 30 per cent investment in the new holding company of the Sensis Group.

Financial information related to the discontinued operation is set out below. Financial year 2014 includes eight months of the Sensis Group results, compared with 12 months for financial year 2013.

	Sensis Group	
	Year ended 30 June	
	2014	2013
	\$m	\$m
Revenue	552	1,204
Expenses	570	985
(Loss)/profit before income tax expense	(18)	219
Income tax expense	36	68
(Loss)/profit after income tax expense from discontinued operation	(54)	151
(Loss) on disposal of discontinued operation (a)	(150)	-
Income tax expense	-	-
(Loss) after tax on disposal of discontinued operation	(150)	-
(Loss)/profit for the year from discontinued operation	(204)	151
Net cash provided by operating activities.....	339	607
Net cash provided by/(used in) investing activities (includes proceeds from sale)	414	(107)
Net cash (used in)/provided by financing activities	(2)	1
Net increase in cash and cash equivalents	751	501
	cents	cents
Earnings per share for (loss)/profit from discontinued operation (cents per share)		
Basic	(1.6)	1.2
Diluted	(1.6)	1.2