TEN NETWORK HOLDINGS LIMITED

ANNUAL REPORT

For the year ended 31 August 2013

ABN 14 081 327 068

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This financial report covers the consolidated entity consisting of Ten Network Holdings Limited and its controlled entities.

Ten Network Holdings Limited is a Company limited by shares, incorporated and domiciled in Australia.

The Directors of Ten Network Holdings Limited present their report on the consolidated entity, consisting of Ten Network Holdings Limited ("the Company") and its controlled entities, for the year ended 31 August 2013.

Directors

The Directors that have been in office during the year and since year end are:

Mr LK Murdoch (Non-executive Chairman)
Mr BJ Long (Deputy Chairman) (Alternate DL Gordon)
Mr JJ Cowin (Alternate Mr PV Gleeson)
Mr PV Gleeson (AlternateMr JJ Cowin)
Ms CW Holgate (Alternate Mr DL Gordon)
Mr DL Gordon (Alternate Mr BJ Long[C])
Mr DD Hawkins (Alternate Mr DL Gordon)
Mr PR Mallam
Ms GH Rinehart (Alternate Mr JJ Cowin[D])
Ms SL McKenna
Mr HR McLennan[A]
Mr JR Warburton [B]

[A]: Mr HR McLennan was appointed as Managing Director effective 8 April 2013.
[B]: Mr JR Warburton was a Managing Director from the beginning of the financial year until his termination on 21 February 2013.
[C]: Mr LK Murdoch was appointed as Alternate Director for Mr DL Gordon effective 5 March 2013 and ceased as Alternate Director effective 6 March 2013.
Mr BJ Long was appointed as Alternate Director for Mr DL Gordon effective 10 April 2013 and ceased as Alternate Director effective 11 April 2013.
Mr BJ Long was appointed as Alternate Director for Mr DL Gordon effective 1 July 2013.
[D]: Hon. C Edwardes ceased as Alternate Director for Ms GH Rinehart effective 10 September 2012.

Principal Activities

The principal activity of the Company is the investment in The Ten Group Pty Limited ("Ten Group") and controlled entities, whose principal activities are the operation of multi-channel commercial television licences in Sydney, Melbourne, Brisbane, Adelaide and Perth, and out-of-home advertising in the United States of America.

Operating and Financial Review

The 2013 year has been another year of significant change for the Company.

This involved the disposal of the Out-of-Home operations in Australia, New Zealand and Indonesia and separately the sale of the operations in the United Kingdom. The company retains the Out-of-Home business in the United States. In December 2012 the Company announced a $230m equity raising that was successfully completed in January 2013, the proceeds of which were used to pay down debt. In February 2013, the Company announced the appointment of a new Chief Executive Officer, Mr Hamish McLennan, and since then there has been a number of other senior management changes. The Company has most recently entered into a new $200m bank facility that is backed by shareholder guarantees. This facility requires shareholder approval at the Annual General Meeting.

Financial Performance and Highlights

A summary of the consolidated results for the year ended 31 August are set out as follows:

	2013 $'000	2012 $'000
(Loss) / Profit before income tax [(i)]	(328,663)	15,225
Income tax benefit / (expense) [(ii)]	54,640	(10,192)
(Loss) / Profit from continuing operations	(274,023)	5,033
(Loss) from discontinued operations [(iii)]	(4,099)	(9,233)
(Loss) for the year	**(278,122)**	**(4,200)**
Loss attributable to non-controlling interests	6,871	8,671
(Loss) attributable to members of the Company	**(284,993)**	**(12,871)**

(i) Includes $336.2m of individually significant items that are non-recurring in nature in 2013 (2012: $11.4m).
(ii) Includes $60.4m of non-recurring tax revenue in 2013 (2012: $1.1m).
(iii) Includes $5.1m of non-recurring loss on the sale of Eye Corp and $1.7m of non-recurring tax revenue in 2013 (2012: $12.3m due to impairment loss on write down of Eye Corp).

Financial performance for the year was unsatisfactory, with revenues falling 12.4% to $660.9m and a net operating loss after tax from continuing operations of $274.0m. The decline in revenue reflects both difficult trading conditions in the advertising market and the decline in television ratings and associated market share of revenue. Operating expenses in the television segment have decreased year on year due to cost saving initiatives, and a reduced licence fee in line with reduced revenue. The net operating loss after tax from continuing operations also included the following costs that are significant and non-recurring in nature:

- $292.1m impairment of the television licence
- $20.3m provision for onerous contracts in Eye Corp's US business
- $9.4m impairment of the fixed assets used in Eye Corp's US business
- $14.4m costs associated with the restructure of the news & operations departments and executive redundancies.

The balance sheet has improved during the period, with net debt of $27.6m as at 31 August 2013. Significant balance sheet movements during the year were as follows:

- The Company completed the sale the Out-of-Home operations in Australia and New Zealand, and separately the sale of the operations in the United Kingdom. $12.8m of deferred consideration has been recognised in Other Assets as at 31 August 2013. The assets and liabilities associated with these businesses were disclosed as held for sale in 2012, as were those of Eye Corp's US business.
- A review of the accounting treatment of Eye Corp's US operations concluded that it was no longer appropriate to disclose the investment as 'Held for Sale' and the prior year comparatives have been restated.
- The review also considered the carrying value of Eye Corp's US business' assets and existence of onerous contracts. A $7.5m impairment of property, plant and equipment, $2.0m impairment on the identifiable intangible assets and an onerous contract provision of $20.3m were recognised as a result of this review.
- An impairment loss of $292.1m contributed to the reduction in the carrying value of intangible assets from $1,080m to $785.7m. The estimated recoverable amount of the Television CGU, based on value-in-use, equals its carrying amount.
- Current Borrowings represent a AUD $150m Private Placement loan that matures in December 2015. The Financial Statements have been prepared on the basis that the proposed Refinancing Package will be approved by shareholders at the 2013 Annual General Meeting and that this borrowing will be repaid prior to maturity.

- The USD $125m Private Placement loan (at August 2012 reflected as part of Current Borrowings and Derivative financial instruments) was repaid on 25 February 2013.
- The movement in contributed equity is the result of the equity raising carried out in December 2012. The gross proceeds of $230.0m were offset by ancillary costs to the raising and the net of these amounts has been recognised in contributed equity. The net proceeds were used in part to repay drawn debt to the maximum extent possible with the balance held as cash at bank.

Total cash and equivalents of $122.4m as at 31 August 2013 was $28.4m higher than the prior year.

Cash outflows from operating activities of $49.5m are $91.3m lower than the prior year. 2013 cash inflows were impacted by a $270.6m decrease in cash collections, a reduction in cash expense of $126.2m and a $24.3m income tax refund.

Cash inflows from investment activities of $75.0m are $101.1m lower than the prior year, reflecting proceeds on the disposal of Eye Corp's Australian, New Zealand, Indonesian and United Kingdom operations.

Cash outflows from financing activities of $0.0m are $62.3m higher than the prior year outflow. This is due to the equity raising where net proceeds of $222.8m was received ($230m of gross proceeds from the placement of shares were offset by $7.2m of ancillary costs). These net proceeds were used to pay drawn debt to the maximum extent possible with the remainder being held as cash at bank.

Operational Highlights

2013 has been another year of significant change for the Company. There has been a new strategic focus and improved stability following the appointment of a new CEO. Key initiatives include:

- A new programming strategy, targeting 25-54s with a "young at heart" focus
- A commitment to invest in content
- A focus on the digital platform
- Recruitment of key on-air talent and senior executives

The Company also completed the disposal of the Out-of-Home operations in Australia, New Zealand and Indonesia and separately the sale of the operations in the United Kingdom during the year. The Company retains the Out-of-Home business in the United States.

Business and Strategic Risks

Business risks that could affect the achievement of the Company's financial prospects include:

- An inability to secure content, including sporting rights, from both the domestic and overseas market, that generate cost effective ratings and in turn revenues. Effective diligence over the content acquisition process mitigates this risk to ensure that spend on content is aligned with the board approved strategy.
- A significant and sustained downturn in the free to air advertising market and/or the failure to monetise ratings. To mitigate this risk, the Company is seeking to expand the revenue base by targeting small and medium sized businesses through its INTENSIFY program and GENERATE content integration unit, and by improving the digital platform through the launch of the new tenplay website and TV Everywhere strategy.
- A significant and sustained transmission failure. The Company continues to have robust controls in place to mitigate this risk, including redundancy, dual transmission sites, dual paths of carriage, backups and real-time incident monitoring. The Company also maintains prudent insurance coverage.
- The Company is unable to negotiate and secure funding to refinance debt as a result of internal and external influences or breaches of its debt covenants. The Company has entered into a refinancing package, that if

approved by shareholders at the 2013 Annual General Meeting, will provide access to necessary funds for investment in key programming initiatives, repay the existing $150m Senior Unsecured Notes and relieve the Company from operating under financial banking covenants. The Company believes that the refinancing package will mitigate this risk.

Business Strategies and Outlook

During the 2013 year, the Company introduced a new programming strategy for the main TEN channel, targeting people aged 25 to 54, which is the most important demographic for many advertisers. At the same time, TEN has started to invest in Event TV programming such as the T20 Big Bash League cricket competition, the *XXII Olympic Winter Games* in Sochi, Russia, and a new version of *So You Think You Can Dance Australia*.

In September, the Company launched tenplay, a new, improved website and app, and the first phrase of a 'TV Everywhere' strategy. Other new products and services will be added to tenplay during the 2014 year.

The television advertising market remains short, with limited visibility, and the timing of any recovery remains uncertain. The Company is expanding its revenue base, launching tenplay, INTENSIFY, targeting non-traditional television advertisers, and Generate, a premium creative solutions division.

Dividends

The Company did not pay any dividends during the period.

Significant Changes in the State Of Affairs

On 1 November 2012, Ten Network Holdings Limited completed the sale of Eye Corp Pty Limited's Australian, New Zealand and Indonesian businesses to Outdoor Media Operations Pty Limited ("OMO").

On 22 February 2013, Ten Network Holdings Limited completed the on-sale of the Eye Corp UK operations in the United Kingdom to Airport Partners.

On 6 December 2012, Ten Network Holdings Limited announced an underwritten 4-for-5 accelerated renounceable offer of new shares. This offer was comprised of institutional and retail components. The total proceeds of $230 million were used to pay down debt and to fund further restructuring costs with the balance held as cash at bank, strengthening the Company's balance sheet.

Events Subsequent to Balance Date

Subsequent to year end the Company has entered into a new refinancing package, that if approved by shareholders at the Annual General Meeting will provide access to necessary funds for investment in key programming initiatives. Please refer to Note 3 for further detail.

Other than the above, no matters or circumstances have arisen since balance date that have significantly affected or may significantly affect:

- the operations in financial years subsequent to 31 August 2013 of the consolidated entity; or
- the results of those operations; or the state of affairs in financial years subsequent to 31 August 2013 of the consolidated entity.

Information on Directors

Director	Responsibilities	Particulars of Directors' Interests in Shares of The Company — Ordinary Shares
Non-Executive Chairman		
LK Murdoch [D]	Non-Executive Chairman of Board of Directors, Member of Remuneration Committee and Board Performance and Renewal Committee	462,441,158
Deputy Chairman		
BJ Long	Deputy Chairman of Board of Directors, Chair of Board Performance and Renewal Committee, Member of Remuneration Committee and Audit/ Risk/ Treasury Committee	533,250
Directors		
JJ Cowin	Chair of Remuneration Committee, Member of Board Performance and Renewal Committee	2,475,000
PV Gleeson	Chair of Audit/ Risk/ Treasury Committee	42,644,785
CW Holgate	Member of Remuneration Committee	69,920
DL Gordon	Member of Remuneration Committee	247,500
DD Hawkins	Member of Audit/ Risk/ Treasury Committee	135,000
PR Mallam	Member of Audit/Risk/Treasury Committee	12,375
GH Rinehart	Member of Board Performance and Renewal Committee	256,396,911
SL McKenna [A]	Member of Remuneration Committee and Audit/ Risk/ Treasury Committee	-
JR Warburton [B]		-
HR McLennan [C]		3,130,000

[A]: Ms SL McKenna was appointed a Member of Remuneration and Audit/Risk/Treasury Committees effective 17 October 2012.
[B]: Mr JR Warburton resigned as Managing Director 21 February 2013.
[C]: Mr HR McLennan was appointed as Managing Director 8 April 2013.
[D]: Mr LK Murdoch holds a relevant interest in 231,220,529 ordinary shares which are registered in the name of Aidem Holdings Pty Limited by virtue of an agreement entered into between the parties under which they propose to act in concert in relation to the exercise of votes attaching to their shares and to agree customary pre-emptive rights.

Information on Directors (continued)

Qualifications and Experience of Directors

The qualifications and experience of each Director are detailed below.

Lachlan K Murdoch

Director of the Company since 13 December 2010 and appointed Chairman of the Company on 10 February 2012.

Mr Murdoch is also an ex officio member of the Audit/Risk/Treasury Committee of the Company and a member of each of the Board Performance and Renewal Committee and also the Remuneration Committee.

Other Current Australian Listed Company Directorships: News Corporation (appointed 29 October 1996)

Former Australian Listed Company Directorships in Last 3 Years: Prime Media Group Limited (between 7 October – 9 November 2010)

Brian J Long

Director of the Company since 1 July 2010.

Mr Long is Deputy Chairman and Lead Independent Director. He is Chairman of the Board Performance and Renewal Committee of the Company and is a member of each of the Audit/Risk/Treasury Committee and the Remuneration Committee.

Mr Long previously chaired the Global Governance and Advisory Council of Ernst & Young and also chaired the Council for the firm's Oceania Area. He was a Partner of Ernst & Young for almost 30 years and was one of the firm's most experienced audit partners. He retired from Ernst & Young on 30 June 2010. Mr Long is a director of Commonwealth Bank of Australia and Chairman of its Audit Committee. He is Chairman of the Audit Committee of the University of New South Wales and is also a member of the University's Council and is a non-executive director of Cantarella Bros. Pty Ltd. He is Chairman of the charitable organisation, United Way Australia. Mr Long is a Fellow of the Institute of Chartered Accountants in Australia and has been a member since 1972.

Other Current Australian Listed Company Directorships: Commonwealth Bank of Australia (appointed 1 September 2010)

Former Australian Listed Company Directorships in Last 3 Years: None

Jack J Cowin

Director of the Company since April 1998.

Mr Cowin is Chairman of the Remuneration Committee and a member of the Board Performance and Renewal Committee of the Company.

He is the founder and Chairman of Competitive Foods Australia Limited and is on the board of directors of Sydney Olympic Park Authority as well as BridgeClimb.

Other Current Australian Listed Company Directorships: Chandler Macleod Group (appointed 1 March 2011), and Fairfax Media Group (appointed 19 July 2012).

Former Australian Listed Company Directorships in Last 3 Years: None

Information on Directors (continued)

Paul V Gleeson

BEc, ACA

Director of the Company since February 1998. He is a member of the Institute of Chartered Accountants in Australia.

Mr Gleeson is Chairman of the Audit/Risk/Treasury Committee of the Company.

Other Current Australian Listed Company Directorships: None

Former Australian Listed Company Directorships in Last 3 Years: None

Christine W Holgate

Director of the Company since 1 April 2010.

Ms Holgate is a member of the Remuneration Committee of the Company.

Ms Holgate has had extensive international experience at senior executive and board levels and is presently Managing Director and Chief Executive Officer at Blackmores Limited. Ms Holgate was previously Managing Director, Business Sales at Telstra and Group Director of Strategy and Marketing at Energis, a European alternative network operator. Ms Holgate has also served as Managing Director, Head of Marketing and Communications for Europe, Middle East and Africa at JP Morgan, a leading global investment bank and as Director of Investor Relations at Cable & Wireless plc, a FTSE global telecommunications company.

Other Current Australian Listed Company Directorships: Blackmores Limited (appointed November 2008)

Former Australian Listed Company Directorships in Last 3 Years: None

David L Gordon

BCom LLB

Director of the Company since 1 April 2010.

Mr Gordon is also a member of the Remuneration Committee of the Company.

Mr Gordon is a former M&A partner at the Sydney law firm, Freehills, and subsequently at former corporate advisory firm, Wentworth Associates Pty Ltd, prior to founding Lexicon Partners Pty Ltd, an independent corporate advisory and investment firm based in Sydney and with a specialisation in technology, media and telecommunications. Mr Gordon has advised a number of Australia's major media businesses over the last 20 years. He is also a director of RCG Corporation Limited. He holds a Bachelor of Commerce and Bachelor of Laws degrees from the University of New South Wales.

Other Current Australian Listed Company Directorships: RCG Corporation Limited (appointed 19 October 2006)

Former Australian Listed Company Directorships in Last 3 Years: None

Information on Directors (continued)

Dean D Hawkins

Director of the Company since 1 April 2010.

Mr Hawkins is also a member of the Audit/Risk/Treasury Committee of the Company.

Mr Hawkins has led international businesses at the forefront of the broadband, digital media, television and sports industries in Australia and overseas for the past 17 years. Mr Hawkins is Chairman of International News Network Limited, Chairman of the Advisory Board at Skins Global Holdings AG, a non-executive director of I-Med Australia Pty Limited and Apparel Group Pty Limited, and a strategic advisor to the media and telecommunications industries. He was previously an executive director of Video Networks Limited (VNL), UK's first IPTV platform, and an executive director of Chello Media, a European broadband ISP and digital media company. He is a member of the British Academy of Film and Television Arts, having received BAFTA and Emmy awards for TV channels created by his teams at VNL, was a director of Sydney Dance Company until August 2012 and was a founding board member of the Salvation Army Oasis Centre, a centre for homeless youths and suicide prevention services in Sydney. He is a chartered accountant, was previously an investment banker in Australia and Europe and holds a Bachelor of Commerce degree.

Other Current Australian Listed Company Directorships: None

Former Australian Listed Company Directorships in Last 3 Years: None

Paul R Mallam

Director of the Company since 13 December 2010.

Mr Mallam is also a member of the Audit/Risk/Treasury Committee of the Company.

Mr Mallam has been a leading adviser to the media, telecommunications and technology sectors for over 20 years. He has advised on many of the key legal and regulatory arrangements which underpin these sectors. He was formerly a partner of Blake Dawson Lawyers, where he also held senior management positions for several years. He established his own boutique firm, Mallam Lawyers, in 2009. In addition, Mr Mallam is a director of the Australian World Orchestra and a director and the treasurer of a not-for-profit organisation which provides community support services in the Sydney area. He has also co-authored the leading text on media law and regulation for 22 years.

Other Current Australian Listed Company Directorships: None

Former Australian Listed Company Directorships in Last 3 Years: None

Information on Directors (continued)

Georgina H Rinehart

Director of the Company since 13 December 2010.

Mrs Rinehart is also a member of the Board Performance and Renewal Committee of the Company.

Mrs Rinehart is Executive Chairman of the Hancock Prospecting Pty Ltd Group of companies and Chairman of the Roy Hill Holdings Pty Ltd Group. She is also currently a Director of Hope Downs Marketing Company Pty Ltd, Hancock Coal Pty Ltd and Hancock Alpha West Pty Ltd. These companies are primarily involved in the exploration and mining of natural resources. She has wide-ranging philanthropic interests which includes a long-term involvement with the Hancock Family Medical Foundation (Inc.), a medical foundation which supports the fight against cancer and heart conditions.

Other Current Australian Listed Company Directorships: None

Former Australian Listed Company Directorships in Last 3 Years: None

Siobhan L McKenna

Director of the Company since 26 June 2012.

Ms McKenna was appointed as a member of the Audit/Risk/Treasury Committee and Remuneration Committee on 17 October 2012.

Ms McKenna is Managing Partner of Illyria Pty Ltd, a media investment company founded in 2005; Non-Executive Director of DMG Radio; Commissioner of the Productivity Commission (currently on leave of absence); and Non-Executive Director of The Australian Ballet.

Ms McKenna is a former Partner of management consulting firm McKinsey & Company, a former Chairman / Non-Executive Director of NBN Co, a former Director of Prime Media Group and a former member of the Advisory Board of the Australian Bureau of Meteorology.

Other Current Australian Listed Company Directorships: None

Former Australian Listed Company Directorships in Last 3 Years: Prime Media Group Limited (20 August 2009 – 29 March 2012)

Information on Directors (continued)

Hamish R McLennan

Hamish McLennan was appointed as Chief Executive Officer on 22 February 2013 and was subsequently appointed as Managing Director of the Company on 8 April 2013.

Prior to his appointment, Mr McLennan was Executive Vice President, Office of the Chairman, News Corporation, and Chairman of REA Group Limited.

Mr McLennan continues as Non-Executive Chairman of REA Group.

Before joining News Corporation in 2011, Mr McLennan was Global Chairman and CEO of Young & Rubicam. He was the first non-American and youngest person to run Young & Rubicam since it was founded in 1925. Young & Rubicam is part of WPP, the world's largest marketing services firm.

During his six years with the global advertising group, Mr McLennan built a strong executive team and developed an outstanding creative group that won numerous global awards. Under Mr McLennan's leadership, Young & Rubicam delivered strong financial results, including record revenue and margins in 2008 and its second best year ever in 2010.

Other Current Australian Listed Company Directorships: REA Group Limited (appointed 21 February 2012)

Former Australian Listed Company Directorships in Last 3 Years: None

Company Secretary

Stephen Partington was appointed as Company Secretary of The Ten Group Pty Limited in October 1996 and as Company Secretary of Ten Network Holdings Limited in June 2001. He also held the position of Group General Counsel from 1996 to 2011.

Stephen graduated with a Bachelor of Commerce and Bachelor of Laws from the University of New South Wales and Masters of Laws from each of Sydney University and the University of Technology, Sydney.

He is a fellow of Chartered Secretaries Australia and a member of the Australian Institute of Company Directors, the Law Society of New South Wales and Australian Corporate Lawyers Association and has been admitted as a solicitor in New South Wales since 1980.

Directors' Meetings

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 31 August 2013, and the number of meetings attended by each Director were:

Director's Name/ Alternate name (if applicable)	Date appointed	Date resigned	Meeting of Directors		Audit/ Risk/ Treasury Committee		Remuneration Committee		Board Performance and Renewal Committee	
Meetings			**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
LK Murdoch	13/12/10	Continuing	14	14	-	-	6	5	-	-
BJ Long	01/07/10	Continuing	14	14	4	4	6	6	-	-
JJ Cowin	03/04/98	Continuing	14	14	-	-	6	6	-	-
PV Gleeson (Alternate)	22/11/10	Continuing	-	-	-	-	-	-	-	-
PV Gleeson	16/02/98	Continuing	14	14	4	4	-	-	-	-
JJ Cowin (Alternate)	10/12/10	Continuing	-	-	-	-	-	-	-	-
CW Holgate	01/04/10	Continuing	14	14	-	-	6	6	-	-
DL Gordon	01/04/10	Continuing	14	11	-	-	6	6	-	-
LK Murdoch (Alternate)	13/12/10	Continuing	-	1	-	-	-	-	-	-
BJ Long (Alternate)	01/07/10	Continuing	-	2	-	-	-	-	-	-
DD Hawkins	01/04/10	Continuing	14	14	4	4	-	-	-	-
PR Mallam	13/12/10	Continuing	14	14	4	4	-	-	-	-
GH Rinehart	13/12/10	Continuing	14	11	-	-	-	-	-	-
JJ Cowin (Alternate)	10/11/11	Continuing	-	3	-	-	-	-	-	-
SL McKenna	26/06/12	Continuing	14	14	3	3	5	5	-	-
JR Warburton	10/02/12	21/02/13	6	6	-	-	-	-	-	-
HR McLennan	08/04/13	Continuing	6	6	-	-	-	-	-	-

A Number of meetings held during the year during which the Director was in office

B Number of meetings attended

Remuneration Report

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Board Remuneration Committee

The Board has established a Remuneration Committee which reviews remuneration and incentive policies and practices and provides specific recommendations to the board on remuneration packages and other terms of employment for executive directors, and other senior executives. Reviews are undertaken annually, taking into account competitor practices and performance. The Board approves remuneration for executive directors, other senior executives and non-executive directors. The Corporate Governance Statement provides further information on the role of this Committee.

For the 2012 and 2013 financial years, EBIT performance was significantly below expectations. As a result no Short Term Incentive or Long Term Incentive payments were made to participants for 2012 and none were recommended by the Remuneration Committee for 2013.

As set out later in this report the Remuneration Committee has engaged a remuneration consultant and is in the process of establishing a new executive plan that will replace the existing short term incentive plan and long term incentive plan and be effective for the year ending 31 August 2014. The committee's objective is to establish a single less complicated arrangement that better aligns the interests of the executives and shareholders.

Relationship Between Remuneration and Company Performance

Company performance is tabulated below:

	Ten Network Holdings Performance 2009 – 2013				
	2013	2012	2011	2010	2009
Underlying EBIT ($m) *	23.9	68.4	146.9	178.9	117.6
Dividends Paid (cps)	0.0	5.25	11.0	0.0	2.0
Underlying EPS (cps) *	(0.23)	0.87	7.11	9.29	5.08
Share Price (As at 31 August)	0.31	0.39	0.94	1.37	1.25

* Earnings before interest and tax and underlying EPS is before individually significant items that are non-recurring in nature in 2009, 2010, 2011, 2012 and 2013.

The Company's current executive remuneration is related to performance through:

- A focus on financial indicators, measured primarily by EBIT before non-recurring items, and non-financial drivers of profit annually, plus relative total shareholder return and earnings per share growth over the longer term
- Providing a significant proportion of this remuneration in performance rights
- Deferring the vesting of shares subject to continued service premised on executives continuing to maintain high performance standards.

Non-Executive Director Remuneration

Total remuneration for all non-executive Directors, last voted upon by shareholders at the 2007 AGM, is not to exceed $1 million per annum. Actual total remuneration during 2012-13 was $990,488.

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The structure of these fees is shown in the table below.

Remuneration Report (continued)

Non-Executive Director Remuneration **(continued)**

Effective 1 September 2012				Effective 1 September 2013			
	Chair	Deputy Chair	Member		Chair	Deputy Chair	Member
Board	$180,000	$99,000	$81,000	Board	$180,000	$99,000	$81,000
Audit	$10,000	-	$7,000	Audit	$10,000	-	$7,000
Remuneration	$7,000	-	$5,000	Remuneration	$7,000	-	$5,000

The Performance and Renewal Committee has responsibility for reviewing and recommending the level of remuneration for non-executive Directors in relation to Board and Committee duties. The Board approves remuneration for non-executive Directors.

The non-executive Directors do not participate in any share option plans or receive performance-related remuneration.

Remuneration for non-executive Directors consists of annual fees, which include superannuation contributions, made in accordance with the superannuation guarantee legislation, for the Directors performing their duties on the Board of the Company and on various committees.

There are no retirement allowances for non-executive Directors.

Principles Used to Determine the Nature and Amount of Executive Remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement and sustainability of profit and the creation of value for shareholders. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Performance linkage / alignment of executive compensation
- Transparency
- Capital management.

The Company has in previous years consulted with external remuneration consultants to structure an executive remuneration framework that is aligned with shareholders' and executives' interests.

Alignment to shareholders' interests was achieved by:

- Having earnings before interest and tax (EBIT) as a core component of plan design
- Including a focus on key non-financial drivers of value
- Requiring that a significant proportion of executive pay be received as performance rights
- Deferring vesting of most performance rights subject to continued service, market conditions and achievement of performance hurdles
- Only retaining the service of high performing Executives who continue to deliver results.

Alignment to executives' interests was achieved by:

- Establishing a rewards basis that is fair given capability and experience
- Reflecting individual and team performance
- Providing a transparent structure for earning rewards
- Providing recognition for contribution.

The proposed framework for the year ending 31 August 2014 year will provide a mix of fixed and variable pay, and a blend of deferred short and long term incentives. As Executives attain more accountability within the group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

Remuneration Report (continued)

Executive Pay Framework

The current executive pay and reward framework has three components:

- Base pay and benefits
- Short-term performance incentives, including deferred cash bonuses
- Deferred incentives through participation in the Ten Long Term Incentive Plan.

The combination of these components comprises the Executives' total remuneration.

Base Pay and Benefits

Base pay is structured as fixed remuneration that may be delivered as a combination of cash and salary packaged benefits including motor vehicles.

Base pay for senior Executives is reviewed annually. External remuneration consultants periodically provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Preference is given to matching pay with market levels of direct competitors if this information is available, rather than a broad based group of comparator companies. Some Executives have fixed annual base pay increases included as a term of their employment contract. Retirement benefits are delivered under defined contribution superannuation funds.

Short-Term Incentives

Short-Term Incentives (STIs) are available through cash bonuses to certain Executives as determined by the Remuneration Committee. The short term incentive plan was suspended on 31 August 2012 and remained suspended throughout the 2013 financial year.

STI targets are established in each financial year with 25% of the incentive dependent on group EBIT targets, as approved by the Board. The Board required EBIT must be achieved before payment of this 25%. The remainder is based on achievement of specific individual and leadership related targets, objectives and measures plus an assessment of individual contribution to the business. However, this remainder is paid out of an EBIT pool, so the potential that can be earned varies with the Company's capacity to pay. EBIT is deemed to be the most appropriate measure in determining incentive remuneration in line with Company performance. Using a combination of financial and non-financial targets ensures variable reward meets or exceeds shareholder and Board EBIT expectations for the fiscal year, while focussing on role specific non-financial targets that directly contribute to the overall EBIT result, as tabulated below.

Executive	Key performance measures for the 2013 Financial Year
Chief Executive Officer	Group EBIT, corporate development, financial management and revenue generation, ratings and digital performance, government policy, leadership and accountability objectives
Chief Programming Officer	Television EBIT, network ratings performance, program development, financial management leadership and accountability objectives
Chief Financial Officer	EBIT performance, cost management, management of corporate financial performance, investor relations, human resources and leadership and accountability objectives

Remuneration Report (continued)

Short-Term Incentives **(continued)**

Specific details regarding target requirements for each of these is commercially sensitive and is not to be disclosed.

Performance against specific financial and non-financial STI objectives for each Executive is measured following a review tailored to each Executive's performance requirements and an executive assessment.

Each Executive has a target short-term incentive opportunity depending on the accountabilities of the role and impact on organisation or business unit performance. For senior Executives (other than the Group CEO) the maximum target bonus opportunity is 45% of fixed remuneration. 55% of the incentive is paid within 3 months of the end of the financial year and the remaining 45% of the incentive is paid in 2 equal tranches on or around the 12 and 24 month anniversary of the first payment date. The Group CEO can receive a maximum payment from STI and Long Term Incentives of 100% of fixed remuneration paid within 3 months of the end of the financial year.

Each year, the Remuneration Committee reviews both the prescribed targets for the forthcoming year and recommended payments for the completed year under the plan.

For the 2013 financial year, minimum EBIT requirements were not met due to Company performance and difficult trading conditions and no STI payments were made to participants.

Long Term Incentive Plan (LTIP)

The LTIP is provided to a limited number of executives and provides for awards of performance rights. The LTIP was suspended on 31 August 2012 and remained suspended throughout the 2013 financial year. Performance rights, when issued, are subject to the following performance hurdles:

1. A relative Total Shareholder Returns (TSR) hurdle applies to 50% of the performance rights awarded. TSR measures change in the price of shares, plus dividends notionally re-invested. TEN's TSR is measured against a comparator group of companies which make up the ASX 200 Consumer Discretionary Index as at the start of the performance period, on the basis that these companies are affected by similar business and economic factors as TEN. In order for any part of the TSR grant to vest, TEN's TSR must be at or above the 51st percentile of the TSR of the companies in the comparator group. A sliding scale applies to the vesting of rights subject to this performance hurdle, with 50% of the rights vesting at the 51st percentile and 100% of the rights vesting at the 75th percentile, and straight-line vesting in between these points.

2. An Earnings per Share (EPS) hurdle applies to the remaining 50% of the rights awarded. The EPS performance condition is determined by reference to the cumulative basic earnings per share for TEN aggregated over the performance period and measured against a specified EPS aggregate target. The EPS target is determined by applying a compound growth percentage to TEN's EPS performance in the base year. Of the performance rights subject to the EPS performance condition, 50% vests in the event that the aggregate EPS performance for TEN over the performance period is equivalent to 4% compound growth and a sliding scale will apply to aggregate performance up to a cumulative growth in TEN's EPS of 8% over the performance period, at which point 100% of the performance rights subject to this hurdle will vest. For the purposes of the grants made for the purposes of the 2011 financial year, earnings per share of 9.29 cents was used as the base. For the purposes of grants made for the 2012 financial year, earnings per share of 7.11 cents was used as the base. No grants were made during the 2013 financial year.

Remuneration Report (continued)

***Long Term Incentive Plan (LTIP)* (continued)**

The performance hurdles are tested after three years from the date of grant. The LTIP allows for the hurdles to be re-tested once over an extended four year period (based on the performance from the date of grant) if the entire award has not vested at the end of the three year performance period. The Board considers that the opportunity for one re-test of the hurdles is required due to the fluctuations that may impact TEN's performance associated with regular large events such as the broadcasts of the *Olympic* and *Commonwealth Games*.

Rights which remain unvested after 4 years from the date of grant lapse immediately.

In the event the performance conditions are met, the LTIP performance rights will be automatically exercised and TEN shares allocated to participants. TEN will determine whether it will issue new TEN shares or acquire TEN shares on-market to satisfy the Rights.

If an executive resigns, or is dismissed for cause or poor performance, unvested awards will typically lapse. In other circumstances where the executive ceases employment, the awards will typically be pro-rated for the length of performance period the executive was employed. The unvested awards will then be tested in accordance with the original vesting schedule, although the Board retains the discretion to accelerate vesting.

New shares which may in the future be issued under the terms of any TEN employee share plan, in each case during the last five years, will not exceed 5% of TEN's issued capital from time to time.

In 2012, each performance right was valued by Ernst & Young. The TSR (market conditions based) portion was valued using the Monte-Carlo simulation method. The EPS (non-market based) portion was valued using an analytic approach involving the Binomial tree methodology. The value of the EPS performance rights to be expensed was then determined by assigning a probability percentage reflecting the likelihood of meeting the criteria set out above. This probability is re-assessed at each half year and the unexpensed value is expensed.

The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

Legacy Ten Deferred Incentive Plan

A limited number of senior Executives were invited to participate in a deferred incentive share plan. The Company gave eligible employees an opportunity to participate in the Ten Deferred Incentive Plan ("DIP") to encourage retention of high performing employees, provide a long term incentive to sustain and improve on prior performance and align employee interests with shareholder value.

Senior Executives have not received allocations under this Plan since 31 August 2010 due to their participation in the Long Term Incentive Plan. However, amounts allocated in prior years continue to vest in the current year in accordance with the conditions set out below.

Under the DIP rules, awards only vest subject to continued service premised on executives continuing to maintain high performance standards. Continued service is assessed annually with a view to terminating service if high levels of performance are not maintained. In assessing this, allowance is given to external systemic factors, over which the executive does not have control.

Shares equal to the incentive amount are bought on market upfront and vest in four equal tranches over three years. The first tranche vests on the date of purchase, with the next three tranches of shares vesting on or about each successive anniversary of the first acquisition date.

The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

Remuneration Report (continued)

Legacy Ten Deferred Incentive Plan

During employment by the Company the tranches of shares are subject to a trading lock and forfeiture conditions until vesting on the applicable anniversary of the first acquisition date. Following the vesting of any tranche of shares, executives may only deal with such shares subject to the approval of the Board Remuneration Committee and having regard to the Company's share trading policy.

Use of remuneration consultants

In July 2012, the Company's Remuneration Committee employed the services of Ernst & Young (EY) to review its existing remuneration policies and to provide recommendations in respect of both executive short-term and long-term incentive plan design. EY continued to advise the Remuneration Committee on these matters.

These recommendations also covered the group's key management personnel. Under the terms of the engagement, EY provided remuneration recommendations as defined in section 9B of the *Corporations Act 2001* and was paid $131,810 (2012: $77,308) for these services. EY has confirmed that the above recommendations have been made free from undue influence by members of the group's key management personnel.

The following arrangements were made to ensure that the remuneration recommendations were free from undue influence:

- EY was engaged by, and reported directly to, the chair of the Remuneration Committee. The agreement for the provision of remuneration consulting services was executed by the chair of the Remuneration Committee under delegated authority on behalf of the board.
- The report containing the remuneration recommendations was provided by EY directly to the chair of the Remuneration Committee; and
- EY was permitted to speak to management throughout the engagement to understand company processes, practices and other business issues and obtain management perspectives.

As a consequence, the Board is satisfied that the recommendations were made free from undue influence from any members of the key management personnel.

EY have been engaged to advise on the development of a revised plan for the year ending 31 August 2014.

Remuneration Report (continued)

Details of Remuneration

Amounts of Remuneration

Details of the nature and amount of each element of the emoluments of each Director of the Company and Key Management Personnel of the consolidated entity for the year ended 31 August 2013 are set out in the following tables.

Short-Term Benefits (including cash bonuses) and Post-Employment Benefits shown in the tables below represent amounts accrued and payable in relation to the respective financial years.

Senior Executives, received performance rights allocated under the Long Term Incentive Plan. The remuneration tables below disclose the value of performance rights which were expensed into the statement of comprehensive income in accordance with accounting standards. The table also includes the amount of DIP shares expensed during the year.

DIP shares vest to the recipients in accordance with the terms of the Ten Deferred Incentive Plan (set out above).

Directors of the Company

2013	Short-term Benefits				Post-Employment Benefits	Share-Based Payment		
Name	Cash Salary and Fees $	Cash Bonus Payable $	Motor Vehicle $	Other $	Super-annuation $	Shares Granted $	Other Shares $	Total $
LK Murdoch	165,073	-	-	-	14,927	-	-	180,000
BJ Long	101,795	-	-	-	9,205	-	-	111,000
JJ Cowin	80,703	-	-	-	7,297	-	-	88,000
PV Gleeson	83,454	-	-	-	7,546	-	-	91,000
CW Holgate	78,868	-	-	-	7,132	-	-	86,000
DL Gordon	78,868	-	-	-	7,132	-	-	86,000
DD Hawkins	80,703	-	-	-	7,297	-	-	88,000
PR Mallam	80,703	-	-	-	7,297	-	-	88,000
GH Rinehart	74,283	-	-	-	6,717	-	-	81,000
SL McKenna	91,488	-	-	-	-	-	-	91,488
Total	**915,938**	**-**	**-**	**-**	**74,550**	**-**	**-**	**990,488**

Remuneration Report (continued)

Details of Remuneration (continued)

Other Key Management Personnel of the Consolidated Entity

2013	Short-Term Benefits					Post-Employment Benefits	Share-Based Payment			
Name	Cash Salary and Fees $	Cash Bonus Paid $	Cash Bonus Payable [1] $	Motor Vehicle $	Termination Benefits $	Superannuation $	Performance Rights Expensed [1] $	DIP Shares Expensed $	Other Shares $	Total $
H McLennan [B] Chief Executive Officer	893,556	-	-	-	-	7,734	-	-	-	901,290
P Anderson Chief Financial Officer	657,421	-	-	-	-	25,912	-	-	-	683,333
B McGarvey Chief Programming Officer	566,646	-	-	-	-	16,687	-	-	-	583,333
J Warburton [A] Chief Executive Officer	2,195,735	-	-	-	-	16,519	-	-	-	2,212,254
J Marquard [C] Chief Operating Officer	525,120	-	-	30,814	291,113[2]	16,687	-	-	-	863,734
G Thorley [D] Chief Executive Officer – *Eye Corp*	276,946	-	-	-	857,121[2]	19,215	-	-	-	1,153,282
Total	**5,115,424**	**-**	**-**	**30,814**	**1,148,234**	**102,754**	**-**	**-**	**-**	**6,397,226**

[1] In 2013, no DIP shares were purchased under the Ten Deferred Incentive Plan. No new performance rights were issued under the Long Term Incentive Plan during the year and no accounting expense for performance rights issued in prior years was recognised due to a reassessment of the probability of performance hurdles being met.

The amounts disclosed in the table above represent the accounting impact recognised in the Statement of Comprehensive Income for the financial year ended 31 August 2013 and have been calculated in line with AASB 2 *Share-Based Payment.*

[2] Payment in lieu of notice.

[A] For the year ended 31 August 2013, Mr J Warburton held the position of Chief Executive Officer up until 21 February 2013. Payments in accordance with his contract inclusive of cash salary until date of termination and statutory entitlements are included.

[B] H McLennan was appointed Key Management Personnel on 8 April 2013.

[C] For the year ended 31 August 2013, Mr J Marquard held the position of Chief Operating Officer up until 31 August 2013. Included in Termination Benefits are payments in accordance with his contract inclusive of cash salary until date of termination and statutory entitlements.

Remuneration Report (continued)

Details of Remuneration (continued)

[D] For the year ended 31 August 2013, Mr G Thorley held the position of Chief Executive Officer – Eye Corp up until 1 November 2012. Included in Termination Benefits are payments in accordance with his contract inclusive of cash salary until date of termination, statutory entitlements and pro-rated deferred long term incentive entitlements.

Directors of the Company

2012	Short-term Benefits				Post-Employment Benefits	Share-Based Payment		
Name	Cash Salary and Fees $	Cash Bonus Payable $	Motor Vehicle $	Other $	Super-annuation $	Shares Granted $	Other Shares $	Total $
LK Murdoch [A]	105,092	-	-	-	8,937	-	-	114,029
BJ Long	143,893	-	-	-	10,787	-	-	154,680
JJ Cowin	88,991	-	-	-	8,009	-	-	97,000
PV Gleeson	93,924	-	-	-	8,453	-	-	102,377
CW Holgate	84,975	-	-	-	7,648	-	-	92,623
DL Gordon	87,156	-	-	-	7,844	-	-	95,000
DD Hawkins	88,991	-	-	-	8,009	-	-	97,000
PR Mallam	88,991	-	-	-	8,009	-	-	97,000
GH Rinehart	82,569	-	-	-	7,431	-	-	90,000
SL McKenna [B]	-	-	-	-	-	-	-	-
Total	**864,582**	**-**	**-**	**-**	**75,127**	**-**	**-**	**939,709**

[A:] For the period 1 September 2011 to 31 December 2011 whilst Mr. Murdoch was interim chief executive officer a $1,300,000 management fee was paid to Illyria Pty Limited (wholly owned by Mr Murdoch), for the professional services of Mr LK Murdoch as Interim Chief Executive Officer to the Company. Mr LK Murdoch did not participate in any employee share plans or receive performance-related remuneration for his services as Interim Chief Executive Officer. Further details are provided in Note 29 *Key Management Personnel.*

[B:] Ms McKenna was appointed as director effective 26 June 2012 and received directors fees from 1 September 2012.

Remuneration Report (continued)

Details of Remuneration (continued)

Other Key Management Personnel of the Consolidated Entity

2012	**Short-Term Benefits**					**Post-Employment Benefits**	**Share-Based Payment**			
Name	**Cash Salary and Fees $**	**Cash Bonus Paid $**	**Cash Bonus Payable[1] $**	**Motor Vehicle $**	**Other $**	**Super-annuation $**	**Perform-ance Rights Expensed[1] $**	**DIP Shares Expensed $**	**Other Shares $**	**Total $**
J Warburton [5] Chief Executive Officer	1,456,034	-	-	-	-	10,633	287,764	-	-	1,754,431
D Mott [2] Chief Programming Officer	1,181,799	-	-	-	1,433,921	15,593	213,913	42,512	-	2,887,738
K Kingston[3] Chief Operating Officer	452,000	-	-	-	908,649	33,333	103,302	12,132	-	1,509,416
G Thorley Chief Executive Officer – Eye Corp	812,851	-	-	43,333	-	15,891	-	4,713	-	876,788
P Anderson Chief Financial Officer	574,884	50,000	-	-	1,869	25,116	104,418	22,208	-	778,495
J Marquard [6] Chief Operating Officer	400,454	-	-	-	1,869	13,262	33,334	-	-	448,919
S Partington [4] Company Secretary	84,480	-	-	4,946	415	7,755	10,921	9,222	1,110	118,849
Total	**4,962,502**	**50,000**	**-**	**48,279**	**2,346,723**	**121,583**	**753,652**	**90,787**	**1,110**	**8,374,636**

[1] In 2012, no DIP shares were purchased under the Ten Deferred Incentive Plan. Instead, Key Management Personnel, other than the CEO – Eye Corp, received performance rights under the Long Term Incentive Plan.

The amounts disclosed in the table above represent the accounting impact recognised in the Statement of Comprehensive Income for the financial year ended 31 August 2012 and have been calculated in line with AASB 2 *Share-Based Payment.*

[2] For the year ended 31 August 2012, Mr D Mott held the position of Chief Programming Officer up until 24 August 2012. Included in Other Short-Term Benefits are payments in accordance with his contract inclusive of cash salary until date of termination, statutory entitlements, pro-rated deferred DIP allocations and pro-rated deferred long term incentive entitlements.

[3] For the year ended 31 August 2012, Mr K Kingston held the position of Chief Operating Officer up until 30 April 2012. Included in Other Short-Term Benefits are payments in accordance with his contract inclusive of cash salary until date of termination, statutory entitlements, pro-rated deferred DIP allocations and pro-rated deferred long term incentive entitlements.

Remuneration Report (continued)

Details of Remuneration (continued)

[4] For the year ended 31 August 2012, Mr S Partington ceased to be a Key Management Personnel on 21 November 2011. Remuneration presented is for the period from 1 September 2011 to 21 November 2011.
[5] Mr J Warburton commenced with the Company on 1 January 2012.
[6] Mr J Marquard commenced with the Company on 21 November 2011.

The proportion of incentives that were payable, vested and forfeited are as follows:

2013

	Short Term Incentives		Shares / Performance Rights				
Name	**Payable %**	**Forfeited %**	**Year Granted**	**Vested %**	**Forfeited %**	**Minimum value ($)**	**Maximum value ($)**
H McLennan	0%	N/A [C]	2013	0%	-	Nil	-
P Anderson	0%	100%	2013	0%	-	Nil	-
			2012	0%	-	Nil	172,658
			2011	0%	-	Nil	140,594
			2010	75%	-	Nil	25,348
B McGarvey	0%	100%	2013	0%	-	Nil	-
			2012	0%	-	Nil	-
			2011	50%	-	Nil	53,236
			2010	75%	-	Nil	25,594
J Warburton [A]	0%	100%	2013	0%	-	Nil	-
J Marquard [B]	0%	100%	2013	0%	-	Nil	-
			2012	0%	-	Nil	122,224

[A] For the year ended 31 August 2013, Mr J Warburton held the position of Chief Executive Officer up until 21 February 2013. Included in Other Short-Term Benefits are payments in accordance with his contract inclusive of cash salary until date of termination and statutory entitlements.

[B] For the year ended 31 August 2013, Mr J Marquard held the position of Chief Operating Officer up until 31 August 2013. Included in Other Short-Term Benefits are payments in accordance with his contract inclusive of cash salary until date of termination and statutory entitlements.

[C] H McLennan not eligible to participate in the Short Term Incentive Scheme until 1 September 2013.

During the 2011 and 2012 years, Senior Executives, received performance rights under the Long Term Incentive Plan. Performance hurdles are tested 3 years after grant date with an opportunity to re-test 4 years after grant date. If the hurdles are met, the performance rights attached to the hurdles will vest at that time. Rights which remain unvested after 4 years from the date of grant are forfeited immediately.

Up until 2010, shares were granted to Senior Executives under the DIP plan. These shares vest equally each year over 3 years.

Remuneration Report (continued)

Details of Remuneration (continued)

No amount of the unvested portion will vest if the service and market conditions are not satisfied, hence the minimum value of the shares and performance rights yet to vest is nil. The maximum value of the shares and performance rights yet to vest represents the grant fair value at the time of purchase.

The fair value of each performance right granted in 2011 was calculated by Ernst and Young to be $0.80 for the market based portion and $1.28 for the non-market based portion (an average value of $1.04 for each performance right).

The fair value of each performance right granted in 2012 was calculated by Ernst and Young to be $0.49 for the market based portion and $0.75 for the non-market based portion (an average value of $0.62 for each performance right). Refer to page 16 for more information.

Details of shares provided as remuneration are set out below:

Other Key Management Personnel of the Consolidated Entity

	Number of DIP Shares purchased during the year		Number of DIP Shares vested during the year	
Name	2013 [A]	2012 [A]	2013	2012
P Anderson	-	-	32,701	60,505
B McGarvey	-	-	61,060	84,694
S Partington	-	-	32,853	58,920
J Warburton	-	-	-	-
D Mott	-	-	64,247	113,600
K Kingston	-	-	55,811	105,442
G Thorley	-	-	-	52,412
J Marquard	-	-	-	-

[A]: There were no DIP Shares granted for the 2013 and 2012 financial years. Performance rights were allocated under the conditions set out on Page 17 in 2012.

Other Key Management Personnel of the Consolidated Entity

	Number of Performance Rights granted during the year		Number of Performance Rights vested during the year	
Name	2013 [A]	2012 [B]	2013	2012
B McGarvey	-	-	-	-
P Anderson	-	278,481	-	-
J Warburton	-	1,392,405	-	-
D Mott	-	607,595	-	-
K Kingston	-	368,608	-	-
J Marquard	-	197,136	-	-

[A]: No Performance Rights were granted in the year ended 31 August 2013.

[B]: The number of Performance Rights granted was for the year ended 31 August 2012.

Remuneration Report (continued)

Service Agreements

Remuneration and other terms of employment for the Key Management Personnel of the consolidated entity receiving the highest emoluments are formalised in service agreements. Each of these agreements provide for the provision of short-term performance-related incentives, other benefits including car leases and participation when eligible, in the Ten Long Term Incentive Plan and the Ten Deferred Incentive Plan. Major provisions of the agreements relating to remuneration are set out below.

Hamish McLennan, *Chief Executive Officer*

Term of agreement – Rolling contract commencing 18 March 2013.

- Effective 18 March 2013 fixed remuneration, inclusive of superannuation is $1,975,000.
- Short-term incentives are available from the commencement of the 2014 financial year under a short-term incentive scheme on achievement of specific STI targets weighted heavily to the financial performance of the Group and are also inclusive of leadership and corporate objectives.
- Long term incentives are available from the commencement of the 2014 financial year through participation in the Ten Long Term Incentive Plan on achievement of performance hurdles with a 3 year vesting period.
- Total remuneration from short-term and long-term incentives is capped at 100% of fixed remuneration.
- Either party may terminate the contract at any time by providing twelve months' notice.
- Immediate termination by Ten for cause or breach of contract is restricted to fixed remuneration and leave unpaid at the date of termination.
- In the event of a 50% or greater change in control, all unvested incentives will vest.

Paul Anderson*, Chief Financial Officer*

Term of agreement – 2 years and 10 months commencing 1 March 2012.

- Fixed remuneration, inclusive of superannuation, for the year commencing 1 March 2012 of $650,000, increasing to $700,000 on 1 January 2013 and $735,000 on 1 January 2014. Short-term incentives are available under a deferred short-term incentive scheme equivalent to 45% of fixed remuneration on achievement of specific STI targets. These targets include EBIT performance, cost management, commercial and strategic management and leadership objectives.
- Deferred incentives are available through past participation in the Ten Deferred Incentive Plan.
- Long term incentives are available through participation in the Ten Long Term Incentive Plan equivalent to 40% of fixed remuneration on achievement of performance hurdles with a 3 year vesting period.
- Immediate termination for cause or breach of contract is restricted to fixed remuneration and leave unpaid at the date of termination.
- Payment of termination benefit on early termination by the employer shall be the lesser of 12 months' notice or the balance of the contract.
- 100% of the eligible STI is paid on a pro rata basis by reference to the period not worked in the Financial Year and subject to same performance targets that apply.
- 100% of the eligible LTI is paid on a pro rata basis by reference to the period not worked in the vesting period and subject to same performance conditions and vesting dates that apply.

Remuneration Report (continued)

Service Agreements (continued)

Beverley McGarvey, Chief Programming Officer

Term of agreement – 3 years commencing 1 January 2013.

- Fixed remuneration, inclusive of superannuation, for the year commencing 1 January 2013 of $600,000, with review on 1 January 2014 and 1 January 2015. Short-term incentives are available under a deferred short-term incentive scheme equivalent to 45% of fixed remuneration on achievement of specific STI targets. These targets include Television EBIT, network ratings performance, program development, financial management leadership and accountability objectives
- Deferred incentives are available through past participation in the Ten Deferred Incentive Plan.
- Long term incentives are available through participation in the Ten Long Term Incentive Plan equivalent to 40% of fixed remuneration on achievement of performance hurdles with a 3 year vesting period. discuss
- Immediate termination for cause or breach of contract is restricted to fixed remuneration and leave unpaid at the date of termination.
- Payment of termination benefit on early termination by the employer shall be the lesser of 6 months' notice or the balance of the contract.
- 100% of the eligible STI is paid on a pro rata basis by reference to the period not worked in the Financial Year and subject to same performance targets that apply.
- 100% of the eligible LTI is paid on a pro rata basis by reference to the period not worked in the vesting period and subject to same performance conditions and vesting dates that apply.

Non-Audit Services

The consolidated entity may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit/ Risk/ Treasury Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit/ Risk/ Treasury Committee to ensure they do not impact the impartiality and objectivity of the auditor
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for services provided by the auditor of the consolidated entity, its related practices and non-related audit firms:

	Consolidated	
	2013	**2012**
	$	**$**
(a) PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	429,158	480,500
Other audit related services	308,950	257,374
Taxation Services		
Tax compliance services	187,773	162,750
Other tax services	118,306	140,022
Other services		
Advisory services	399,058	72,125
Total remuneration of PricewaterhouseCoopers Australia	1,443,245	1,112,771
(b) Related practices of PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports	27,804	46,947
Other audit related services	1,300	8,387
Other services		
Taxation services	-	83,412
Total remuneration of related practices of PricewaterhouseCoopers Australia	29,104	138,746
Total auditors' remuneration	**1,472,349**	**1,251,517**

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 29.

Contracts with Directors

During the financial year, various agreements in respect of the sale of television airtime (through an advertising agency), sale of Out-of-Home advertising space, purchase of program rights, provision of consultancy services were entered into by Director-related entities on normal commercial terms and conditions. The value of such transactions are at arm's length and are detailed further in Note 29.

Insurance of Officers

During the financial year, the Company arranged for directors' and officers' liability insurance cover for officers of the Company and related parties. An insurance premium was paid in relation thereto. The officers of the Company covered by this insurance includes all Directors and all employees in positions of responsibility.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' insurance contracts as such disclosure is prohibited under the terms of the contract.

Indemnification of Officers

The Company has entered into deeds to indemnify each Director of the Company in accordance with the approval given at the Annual General Meeting of the Company held on 7 December 1999.

In broad terms, the deeds of indemnity entrench a Director's rights to:

- access the books and records of the Company which relate to the period the Director acted as a Director of the Company;
- be indemnified by the Company to the maximum extent permitted by law; and
- require the Company to take out an appropriate directors' and officers' insurance policy to protect the Director from liability (to the maximum extent permitted by law).

Separately, a deed of indemnity has been provided by The Ten Group Pty Limited to Directors and officers of that Company and its controlled entities.

Additionally, separate deeds of indemnity cover other executives of controlled entities who have been requested to act as directors on the boards of other companies in which the Group holds an interest.

No liability has arisen under these indemnities at the date of this report.

Environmental Regulations

The consolidated entity is not subject to significant environmental regulations.

Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in Sydney on 17 October 2013 in accordance with a resolution of the Directors.

LK Murdoch
Chairman

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Ten Network Holdings Limited for the year ended 31 August 2013, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ten Network Holdings Limited and the entities it controlled during the year.

SG Horlin
Partner
PricewaterhouseCoopers

Sydney
17 October 2013

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Ten Network Holdings Limited (“the Company”) is committed to responsible corporate governance in accordance with community and shareholder expectations.

In determining the standards that the Company should seek to achieve, the Company has reviewed, with the assistance of external advisers, its practices in terms of the revised *Corporate Governance Principles and Recommendations* which were issued by the ASX Corporate Governance Council and took effect for the first financial year of the Company commencing on or after 1 January 2011 ("the ASX Guidelines").
The Company considers that its practices are generally consistent with those contained in the ASX Guidelines (except where referred to below).

In summary, compliance with the ASX Guidelines has been achieved as follows:

	ASX Principle	Compliance
Principle 1:	**Lay solid foundations for management and oversight**	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Comply
1.2	Companies should disclose the process of evaluating the performance of senior executives.	Comply
1.3	Companies should provide the information indicated in the *Guide to reporting on Principle 1.*	Comply
Principle 2:	**Structure the board to add value**	
2.1	A majority of the board should be independent directors.	Comply
2.2	The chair should be an independent director.	Explain
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Comply
2.4	The board should establish a nomination committee.	Comply
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Comply
2.6	Companies should provide the information indicated in the *Guide to reporting on Principle 2.*	Comply
Principle 3:	**Promote ethical and responsible decision-making**	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:	
	- the practices necessary to maintain confidence in the Company’s integrity,	Comply
	- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders, and	Comply
	- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Comply
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to	Under review

	ASX Principle	Compliance
	assess annually both the objectives and progress in achieving them.	
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity.	Under review
3.4	Companies should disclose in each annual report the proportion of woman employees in the whole organisation, women in senior executive positions and women on the board.	Comply
3.5	Companies should provide the information indicated in the *Guide to reporting on Principle 3.*	Comply
Principle 4:	**Safeguard integrity in financial reporting**	
4.1	The board should establish an audit committee.	Comply
4.2	The audit committee should be structured so that it: - consists only of non-executive directors - consists of a majority of independent directors - is chaired by an independent chair, who is not chair of the board - has at least three members.	Comply
4.3	The audit committee should have a formal charter.	Comply
4.4	Companies should provide the information indicated in the *Guide to reporting on Principle 4.*	Comply
Principle 5:	**Make timely and balanced disclosure**	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Comply
5.2	Companies should provide the information indicated in the *Guide to reporting on Principle 5.*	Comply
Principle 6:	**Respect the rights of shareholders**	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	Comply
6.2	Companies should provide the information indicated in the *Guide to reporting on Principle 6.*	Comply
Principle 7:	**Recognise and manage risk**	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Comply
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Comply

	ASX Principle	Compliance
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with s295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Comply
7.4	Companies should provide the information indicated in the *Guide to reporting on Principle 7.*	Comply
Principle 8:	**Remunerate fairly and responsibly**	
8.1	The board should establish a remuneration committee.	Comply
8.2	The remuneration committee should be structured so that it: • consists of a majority on independent directors • is chaired by an independent director • has at least three members	Comply
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Comply
8.3	Companies should provide the information indicated in the *Guide to reporting on Principle 8.*	Comply

The Company is pleased to report in detail below on its performance in regard to the recommendations contained in the ASX Guidelines as they relate to the Company and its subsidiaries ("the consolidated entity").

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The key responsibilities and functions of the Board of the Company are as follows:

(a) considering the strategic goals of the consolidated entity as developed by management, approving appropriate goals, and monitoring the performance of the consolidated entity against them;

(b) appointment of the Chief Executive Officer, Group Chief Financial Officer and the Company Secretary, and the determination of their terms and conditions of appointment (including remuneration);

(c) monitoring and evaluating the performance of senior management of the consolidated entity in achieving any strategies and budgets approved by the Board;

(d) reviewing on a regular and continuing basis:

   (i) executive and Board succession planning; and

   (ii) executive development activities;

(e) appointment of the Chairperson;

(f) determination of the membership and terms of reference of Board committees;

(g) adoption of, and monitoring compliance with, corporate governance policies including the risk management policy and internal controls;

(h) determining any matters in excess of discretions that it may have, from time to time, delegated to the senior management;

(i) approving each of the following:
  - (i) the financial and capital expenditure budgets;
  - (ii) significant changes to the organisational structure and the appointment of such senior officers as the Board may determine;
  - (iii) the acquisition, establishment, disposal or cessation of any significant business of the consolidated entity;
  - (iv) payment of dividends in accordance with the Constitution;
  - (v) the appointment of the external auditor and remuneration payable in connection with the audit of the financial statements and non-audit services;
  - (vi) the issue of any shares, options, equity instruments or other securities and any major debt obligations to be incurred by the consolidated entity;
  - (vii) annual financial statements and Directors' reports;
  - (viii) periodic news releases of the consolidated entity's financial results;
  - (ix) any changes to the discretions delegated from the Board; and
  - (x) the risk management policies of the consolidated entity;

(j) monitoring compliance with regulatory requirements and ethical standards;

(k) monitoring compliance with the ASX Listing Rules continuous disclosure requirements;

(l) monitoring and enforcement of the provisions contained in Schedule 1 of the Constitution relating to compliance with the ownership and control provisions of the *Broadcasting Services Act*; and

(m) establishing and monitoring compliance with protocols in respect of Board processes, including in relation to issues of potential conflict.

It is the role of senior management within the Company and its subsidiaries to manage the day to day activities of those companies in accordance with the direction and delegations of the Board. It is the Board's responsibility to oversee the activities of management in carrying out those delegated duties. The Board is also responsible for reviewing the strategies proposed by its management for the growth and operations of the consolidated entity.

In carrying out its governance role, the task of the Board has been to oversee the performance of the consolidated entity. The Board also seeks to ensure that the companies within the consolidated entity comply with all of their contractual, statutory and other legal obligations.

Recommendation 1.2: Companies should disclose the process of evaluating the performance of senior executives.

In the case of senior Executives of the consolidated entity, the Board, in conjunction with the Chief Executive Officer, undertook an informal review during the reporting period, having regard to the duration of employment of the relevant Executives, of their performance. The performance criteria for senior Executives are set out on page 15 of the Directors' Report.

Recommendation 1.3: Companies should provide the information indicated in Guide to reporting on Principle 1.

An informal performance review for each of the senior Executives was undertaken during the reporting period. Each of these performance evaluations was in accordance with the process referred to in the discussion about Recommendation 1.2 immediately above.

Principle 2: Structure the board to add value

Recommendation 2.1: A majority of the board should be independent directors.

Details of the Directors in office as at 31 August 2013 are set out on page 2.

The Company considers that each of its Directors meet the Board's criteria for independence, other than:

- Lachlan Murdoch (as the former Interim Chief Executive Officer);
- Hamish McLennan (as Managing Director and Chief Executive Officer of the consolidated entity); and
- Siobhan McKenna (having regard to her role at Illyria Nominees Television Pty Limited and her nomination to the role as a Director of the Company by Cavalane Holdings Pty Limited which together hold a relevant interest in approximately 18% in the Company's shares).

In determining whether a Director is independent, the Board has regard to whether a Director is considered to be one who:

(a) has a material relationship as a supplier or customer or in any other contractual role with the consolidated entity (either directly, or as a partner, shareholder or executive officer of an organisation that has a material relationship with the consolidated entity);

(b) is, or has been within the previous three years, employed by the consolidated entity;

(c) is, or has been within the previous three years, a principal of a material professional adviser, the auditor, or a material consultant to the consolidated entity or an employee materially associated with the service provided;

(d) is a substantial shareholder of the Company or an officer of, or otherwise associated with, a substantial shareholder of the Company;

(e) has served on the Board of the Company for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the consolidated entity; and

(f) is free from any interest and any business or other relationship that could, or could be perceived to, materially interfere with the Director's ability to act in the best interests of the consolidated entity.

The Board has previously determined that a material relationship is to be determined on the basis of fees paid or moneys received or paid to either a Director or a Director-related entity, which may impact the Adjusted EBITDA of the consolidated entity in the previous financial year by more than 5%.

These criteria continue to apply in determining the independence of Directors of the Company.

The Board considers that the independent Directors, who have served for a number of years, bring considerable skill, experience and expertise to the Company and they continue to review and challenge the performance of management and exercise independent judgement. Accordingly, the Board considers the length of service does not materially interfere with the ability of the respective Directors to act in the best interests of the Company.

While a number of the Directors' related parties had dealings with the consolidated entity, such dealings were not material (refer the related party disclosures in the notes to the financial statements of the consolidated entity).

The Board has assessed the position of Gina Rinehart and considers that Mrs Rinehart is independent. Mrs Rinehart is a substantial shareholder, as that expression is defined for the purposes of the Corporations Act, although the holding is not so substantial as to either amount to a controlling interest or one that enables the exercise of significant influence. In addition, recognising the existence of other comparative substantial holdings in the Company, the Board can see no interest of Mrs Rinehart which could interfere with the independent exercise of her judgement in the best interests of the Company.

The Board considers that whilst Paul Mallam was nominated as a Director by entities controlled by Bruce Gordon, who is himself a substantial shareholder, Mr Mallam is also an independent Director. The Board has made this assessment having regard to factors including the lack of financial dependence of Mr Mallam on fees and remuneration paid by the Company or any advisory fees (other than the provision of legal services on usual commercial terms) paid to Mr Mallam's firm by entities controlled by Mr Gordon. The Board recognises that there is the potential for conflict associated with the negotiation of program supply agreements and other arrangements between the Group and Mr Gordon's regional television broadcasters. To the extent that these arrangements arise for consideration by the Board, the principles relating generally to conflicts of interest involving Directors – see below – will apply. In such circumstances, Mr Mallam will, to the extent required, declare his position and not participate in the decision-making process relating to the conflict issue. However as the arrangements are considered less frequently than on an annual basis, the Board considers this should not affect Mr Mallam's ongoing independent status.

The Board has also had regard to the fact that neither Mrs Rinehart nor Mr Mallam is a member of management, each is not financially reliant on any fees or other remuneration paid by the Company and that they are not in a position, by virtue of their shareholding interest or the shareholding interest of their nominator, to be able to control the Company having regard to the shareholding interests held by other shareholders in the Company.

The Constitution of the Company provides that generally one third of the Directors (other than a Managing Director, Alternate Directors and any Director who has been appointed to fill a casual vacancy or as an addition to the Board since the last annual general meeting) are required to retire and seek re-election each year and no Director can hold office for more than three years without seeking re-election.

The Directors may appoint persons to fill casual vacancies or as additions to the Board. Any person filling a casual vacancy or appointed as an additional Director holds office until the next annual general meeting, where they must retire but are eligible for re-election.

Nominations to fill a casual vacancy are reviewed by the Board Composition and Renewal Committee of the Board, with recommendations submitted to the Board of Directors for approval.

A person is only eligible to be elected as a Director (other than if his or her re-election arises from retirement by rotation) where both the nomination of the person by a member and a consent to nomination signed by the person, are received by the Company at least 35 business days before the relevant general meeting.

The Board has previously established a Board Protocol Committee and adopted a Conflict Protocol. As at 31 August 2013, this Committee was comprised of:

- Brian Long (Chair)
- Jack Cowin
- David Gordon

The Conflict Protocol recognises that a Director may from time to time have a conflict between his duties as a Director and his interests in a Director-related entity. The Protocol recognises that all Directors have a right of access to information about the Company to ensure proper performance of their duties, but a Director who has a material personal interest in a matter to be considered by the Board must not be present during discussions or vote on that matter.

In the event that the Board Protocol Committee considers that the receipt of particular information by a Director would be detrimental to the Company, the Committee is required to notify and discuss the issue with the relevant Director.

Where the law precludes a Director from receiving particular information, the Director will not be entitled to receive the information but will be notified of the nature of the information.

In circumstances where there is a conflict of interest which does not otherwise amount to a material personal interest, the Director will be provided with a description of the nature of the sensitive information sufficient to allow them to form a view as to whether or not that sensitive information is required for the proper performance of their fiduciary duties.

Recommendation 2.2: The chair should be an independent director.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.

Lachlan Murdoch was appointed as Chair of the Company's Board on 10 February 2012 and Hamish McLennan was appointed as the Company's new Chief Executive Officer with effect from 22 February 2013. Mr McLennan was also appointed as Managing Director of the Company on 8 April 2013.

The Board acknowledges ASX Recommendation 2.2 that the chair of the board should be an independent director. The Board considers that Mr Murdoch, while not an independent director, brings with him a valuable history of leadership and knowledge of the Company's business through his past corporate roles in the industry and his past role as Interim CEO of the Company, as well as an independence of mind, which makes him a strong and appropriate Chair of the Board.

Simultaneously with the appointment of Mr Murdoch as Chair, the Board also appointed Brian Long as Deputy Chair and Lead Independent Director to represent the views of the independent directors with the Chair, CEO and shareholders wherever possible.

Recommendation 2.4: The board should establish a nomination committee.

The Board maintains a Board Performance and Renewal Committee. As at 31 August 2013, this Committee was comprised of:

- Brian Long (Chair)
- Lachlan Murdoch
- Jack Cowin
- Gina Rinehart

A charter has been established which charges the Board Performance and Renewal Committee with responsibility for considering issues associated with Board composition and succession planning, including nomination of independent non-executive Directors to the Board. A copy of the Charter is available in the Corporate Governance section of the Company's website. This Committee has formulated procedures and policies for the selection and appointment of new independent Directors and a copy of these procedures are available on the Company's website.

No meetings of the Board Performance and Renewal Committee were held during the current financial year.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Board Performance and Renewal Committee has previously been delegated responsibility to review the performance of the Board, its Committees and individual Directors.

The Board also undertakes an informal performance review on an ad hoc basis of the Board, its Committees and individual Directors through the use of internal surveys, regular Board discussions and interactions.

Agendas are set by the Board's Chairman to ensure adequate coverage of financial, strategic and major risk areas throughout the financial year.

In order to assist the Board in the performance of its duties, reports are prepared by each of the relevant General Managers and submitted to Directors in advance of each regular Board meeting.

Additionally, key financial information reports are prepared and distributed to each Director at the end of each calendar month, with Directors having the opportunity to receive weekly pacing reports that show latest revenue and ratings performances.

Members of the Board and Board Committees are entitled, subject to the approval of the Chairman, to retain independent professional advisers at the Company's expense from time to time. A copy of any advice obtained must be made available to, and for the benefit of, all Board members, unless the Chairman otherwise agrees.

Directors have access to the Company Secretary to assist in the provision of any information reasonably sought by Directors and the Company Secretary is accountable to the Board through the Chairman on all governance issues.

Under the Constitution, the Company Secretary is required to be appointed and removed by the Board.

Recommendation 2.6: *Companies should provide the information indicated in the Guide to reporting on Principle 2.*

Information about the skills, experience and expertise of the Directors is contained at pages 7 to 11 of the Directors Report. This information also notes the period of office held by each Director in office at the date of the annual report.

Each Director brings different skills and professional services expertise to the Board. The Board seeks to achieve a mix of skills and diversity that includes international, corporate management and operational experience, as well as a deep understanding of the television and advertising industries in which the Company operates and the regulatory, environmental and community challenges it faces.

The Board has undertaken an informal performance review of the Board, its Committees and individual Directors in accordance with the process described above, including for the purposes of Board renewal considerations since the conclusion of the relevant financial year.

The Board renewal process involves the initial step of identifying skills and expertise of existing Board members which is followed by the step of identifying candidates who are able to offer the Company a diversity of skills and expertise to complement those of the existing Board members. This process resulted in the appointment of Messrs Long, Hawkins, Gordon, Mallam and Ms Holgate in 2010. On that occasion, the Board looked specifically for candidates with expertise in marketing, communications and media, as well as in the finance and legal fields.

In 2012, Ms McKenna was appointed to the Board following consideration of her significant media and business consultancy experience and her involvement during 2011 with Mr Murdoch in restructuring the Company's operations.

The Board Performance and Renewal Committee has formulated procedures and policies for the selection and appointment of new Directors and a copy of these procedures appears on the Company's website.

A copy of the charter for the Board Performance and Renewal Committee also appears on the Company's website.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1: *Companies should establish a code of conduct and disclose the code or a summary of the code as to:*

- *the practices necessary to maintain confidence in the Company's integrity;*
- *the practices necessary to take into account the legal obligations and the reasonable expectations of their shareholders; and*
- *the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The consolidated entity has adopted a Code of Conduct that governs conflicts of interest, corporate opportunities, confidentiality, unethical behaviour and compliance with laws and regulations.

A copy of this Code appears on the Company's website.

The Group Chief Financial Officer has also undertaken to the Audit Committee that he will comply with the Group of 100 CFO Code of Conduct.

In addition, each Executive is bound by a written employment agreement that also contains provisions dealing with confidentiality, conflicts of interest, compliance with laws and other policies adopted by the consolidated entity.

Recommendation 3.2: *Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.*

Recommendation 3.3: *Companies should disclose in each annual report the measurable objectives for achieving gender diversity.*

The Company is an equal opportunity employer and has developed the following diversity policy. The objective of the policy is to create a team with a diverse mix of skills, experiences and backgrounds to enhance our aim of engaging and entertaining Australian audiences. Practices that support diversity will heighten the Company's ability to attract, develop and engage our employees which in turn will support our strategic objectives.

The policy applies to our Board and all our employees, including contractors. The policy is consistent with the Company's EEO policy that aims to ensure that all of our employees are afforded fair treatment and equal opportunity in employment.

Diversity at the Company means a broad mix of employees including a balance of gender, age, ethnicity and physical ability. The Company believes that a team with a diverse mix of skills, experiences and backgrounds will ensure we meet our goal of engaging and entertaining Australian audiences and will improve our overall business productivity and competitiveness.

The Company enjoys a strong overall gender balance between male and female participation and it is our aim to maintain this balance. Ten believes that broader diversity comes naturally when there is a strong balance of males and females at all levels across the organisation.

The Company will develop and maintain a range of objectives, initiatives and programs that will drive and maintain a diverse workforce, including but not limited to:

- Recruiting from a diverse pool of candidates, including a balance between male and female candidates from entry level positions to senior management roles

- Maintaining our strong overall gender balance between male and female participation and building greater participation in targeted areas

- Developing female leaders to improve our female participation in management, senior management and executive roles

- Continuing our current pay equity practices for male and female employees

The Company will measure these objectives, initiatives and programs and report our achievements to the Company. The Company will meet the diversity requirements and gender balance initiatives as set by the ASX Corporate Governance requirements and Workplace Gender Equality Act.

The Company has completed a workplace profile of gender balance indicators including proportion of women in executive, senior executive and management roles, proportion of women in entry level roles, rate of promotion, and pay by gender and use of parental leave schemes. From this workplace profile the Company will develop measurable objectives for achieving gender diversity.

Once these objectives are reviewed and approved by the Remuneration Committee, the diversity policy will be updated on the Company's corporate website www.tencorporate.com.au.

Recommendation 3.4: *Companies should disclose in each annual report the proportion of woman employees in the whole organisation, women in senior executive positions and women on the board.*

As at 31 August 2013, the proportion of women who occupied each of the following role categories within the consolidated entity, was:

• Total employees	(999)	45%
• Senior executive roles	(34)	35%
• Directors	(11)	27%

Employees are considered to occupy senior executive roles within the Company where they form part of the formal management groups of either of TEN. Mr McLennan, as an Executive Director, is included in the number of Directors but has been excluded from the number of senior executives. Senior executives are included in the total employee numbers referred above.

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1: *The Board should establish an audit committee.*

Recommendation 4.2: *The audit committee should be structured so that it:*

- *consists only of non-executive Directors*
- *consists of a majority of independent Directors*
- *is chaired by an independent chair, who is not chair of the Board*
- *has at least 3 members.*

The Board of the Company has previously established an Audit Committee. The members of this Committee as at 31 August 2013 comprised a majority of independent non-executive Directors, being:

- Paul Gleeson (Chair)
- Brian Long
- Dean Hawkins
- Paul Mallam
- Siobhan McKenna

The Chairman of the Committee is a member of the Institute of Chartered Accountants and has significant experience in dealing with financial and accounting matters.

Further details of the qualifications of the members of this Committee may be found in their Director Profiles on pages 7 to 11. Details of attendances at meetings of the Audit Committee are set out at page 12.

Recommendation 4.3: The audit committee should have a formal charter.

The Audit Committee of the Company has a formal charter. The charter indicates that responsibilities of the Audit Committee include:

- reporting to the Board on their activities;
- reviewing the effectiveness of management systems, in areas of greatest financial risk;
- recommending to the Board on the appointment of the external auditor and on the auditor's remuneration;
- maintaining a policy for the provision of audit and non-audit services by the external auditor;
- reviewing and assessing the auditor's report and the actions proposed by management in response;
- being satisfied that the scope of the audit is adequate especially in relation to areas where the Audit Committee believes special attention is necessary;
- reviewing the accounting policies and practices of the consolidated entity;
- monitoring compliance with the Company's Statement of Corporate Governance;
- reviewing related party transactions that may involve Directors, management and employees giving rise to actual or potential conflicts of interest and providing appropriate advice as to any necessary disclosures to the Board; and
- reviewing the half yearly and annual financial statements.

The charter is reviewed annually by the Audit Committee to determine if any changes are required. During the last financial year, the Audit Committee reviewed the charter but made no substantive changes to its terms.

The charter for the Audit Committee may be accessed on the Company's website.

In accordance with the Corporations Act, the lead and review audit partner is required to rotate at least every five years.

The Committee regularly meets with the external auditor in the absence of management so as to discuss potential issues associated with management controls, the preparation and audit of consolidated entity's financial reports and the performance of management in relation to such issues.

The partner from PricewaterhouseCoopers responsible for the audit of the financial statements of the Company attends the Annual General Meeting of the Company to answer any questions that shareholders may wish to raise in relation to the conduct of the audit of the financial statements.

Shareholders may submit written questions to the auditor in relation to the content of the auditor's report and the conduct of the audit of the annual financial statements, no later than the 5th business day before the Annual General Meeting.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1: *Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.*

The Company, as a listed company, is required to comply with the Listing Rules of the ASX.

During the year, the Board of the Company reviewed its existing policy associated with continuous disclosure in light of the revised Guidance Note 8 issued by the Australian Securities Exchange. The policy seeks to ensure that if any Director, executive officer or employee of the Company becomes aware of any potentially materially price sensitive information, that person must inform the Chief Executive Officer, Group Chief Financial Officer and/or the Company Secretary, who are then responsible, in conjunction with the Chairperson, for ensuring that the Company complies with its continuous disclosure obligations.

A copy of the revised policy also appears on the Company's website.

In addition, the Company has a Policy for Dealing in Securities, a copy of which is also available in the Corporate Governance section of the Company's website. This policy provides that Directors, executive officers and employees of the consolidated entity must not deal in the Company's securities where:

- they are in possession of price sensitive or "inside" information; or
- in circumstances where the Company is in possession of price sensitive or "inside" information and has notified the persons to whom the policy applies that they must not deal in the Company's securities, either for a specified period or until the Company gives further notice.

Directors are to inform the Chairman when they wish to trade securities in the Company. Directors and senior Executives are prohibited from dealing in securities in the Company during any period commencing at the conclusion of each six monthly financial period and concluding on the day following the release of its relevant half yearly announcement to the ASX. This policy also reflects the perception that, during these periods, Directors and senior Executives may be in possession of significant financial information associated with the preparation of the consolidated entity's periodic financial disclosures to the market.

In exceptional circumstances (such as financial hardship or a compulsory court order), the Board may waive the prohibition on dealing in the Company's securities during a blackout period.

The Policy also prohibits the buying and selling of the Company's securities within a three month period, entering into short term dealings (eg forward contracts) and the entry into transactions that limit the economic risk associated with holding the Company's securities.

Principle 6: Respect the rights of shareholders

Recommendation 6.1: *Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.*

The Company provides regular financial releases to the ASX in respect of its half-year (ending February) and full-year (ending August) financial results. These disclosures are generally made during March/April and October of each year.

The financial results are generally posted to the Company's website within 24 hours of disclosure to the ASX. Similarly, any other major disclosures to the ASX outside of the financial results are also posted to the Company's website. Those shareholders who wish to be advised of any announcements, may notify the Company's registry, who will arrange for an email to be sent to the shareholder advising that an announcement has been posted on the Company's website on each occasion that a major disclosure is made by the Company to the ASX.

The Company provides webcast facilities to allow live and delayed access to presentations made to analysts and media representatives in respect of half yearly and full year financial results and major media announcements.

Shareholders may also communicate with the Company by email.

The Company produces its annual review for dispatch to shareholders generally by early November each year. Shareholders are given the opportunity to "opt-in" to receive the annual review. In the event that a shareholder does not elect to opt-in to receive an annual review, they may alternatively elect to receive an email from the Company's share registry advising that the annual review and financial reports have been posted to the Company's website or will be notified at the same time as the notice of annual general meeting is sent to shareholders.

The notice of annual general meeting for the Company is forwarded, together with a voting form allowing shareholders unable to attend the annual general meeting to be able to vote on the matters contained in the notice of meeting. Shareholders may also elect to complete their voting form on-line via the website for the Company's share registry. Shareholders are encouraged to participate in the annual general meeting by asking questions and voting on the proposed resolutions.

Principle 7: Recognise and manage risk

Recommendation 7.1: *Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.*

Recommendation 7.2: *The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.*

A copy of the consolidated entity's Risk Management Policy is available in the Corporate Governance section of the Company's website. The policy identifies that:

- the Board is responsible for overseeing the establishment and implementation by the consolidated entity's management of risk management systems and reviewing the effectiveness of these systems;
- the Audit Committee of the Company has been delegated the responsibility for receiving submissions from the consolidated entity's management regarding the management of business risks, including the formulation and review of the business risks policy and other risk management policies; and
- management of the consolidated entity is responsible for the design and implementation of risk management and internal control systems to manage the Company's material business risks and to report to the Board on the effectiveness of those systems. This risk management and internal control system operates in accordance with the business risks policy through a formal organisation-wide risk management framework and other formal and informal risk specific frameworks and approaches.

Each of the consolidated entity's operational areas is required to identify the material risks which they consider may arise and to determine the probability of any such occurrence and its potential financial impact. Measures are then developed to control such risks in conjunction with other risk measures including where appropriate relevant insurance cover.

The Company's Risk Management Policy is designed to meet the criteria set down in ISO 31000. This policy is supported by specific formal and informal analytical techniques to identify and evaluate risk, and integration strategies to improve/optimise the consolidated entity's risk profile.

Risks and the effectiveness of their management are reviewed and reported regularly to the consolidated entity's senior Executive, the Audit Committee and the Board through various mechanisms depending upon the nature of this risk.

The Board is responsible for and has delegated to the Audit Committee the review of the Group's work, health and safety practices and procedures during the year, in light of the introduction of the new Work, Health and Safety legislation in various States.

In reviewing the risk management and internal control systems of the consolidated entity, the Managing Director and Chief Executive Officer and the Group Chief Financial Officer have also confirmed in writing that the consolidated entity's risk management and internal control systems are operating effectively in relation to material business risks for the period and have reported to the Board that the Company is effectively managing its material business risks.

Recommendation 7.3: *The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.*

In accordance with the Corporations Act, the Directors may now only give their declaration in relation to the annual financial statements if the Managing Director and Chief Executive Officer and the Group Chief Financial Officer have made the declarations required pursuant to section 295A of the Corporations Act and otherwise as contained in their representation letters.

In addition, the Managing Director and Chief Executive Officer and the Group Chief Financial Officer provide representation letters to the Board at the time of consideration of the half yearly and annual financial statements. These representation letters provide a sign-off in relation to various issues associated with the keeping of financial records generally, the preparation of the financial statements and the disclosures made and a specific requirement that the financial statements present a true and fair view.

The Board has received assurance from the Managing Director and Chief Executive Officer and the Group Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal controls and that the systems are operating effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1: *The Board should establish a remuneration committee.*

Recommendation 8.2 *The remuneration committee should be structured so that it:*

- *consists of a majority on independent directors*
- *is chaired by an independent director*
- *has at least three members*

The Board has a Remuneration Committee, which is comprised of a majority of independent, non-executive Directors. As at 31 August 2013, this Committee comprised:

- Jack Cowin (Chair)
- Brian Long
- David Gordon
- Lachlan Murdoch
- Christine Holgate
- Siobhan McKenna

Details of attendances at meetings of the Remuneration Committee are set out at page 12.

The Remuneration Committee has a formal charter, a copy of which is available in the Corporate Governance section of the Company's website. The role of the Remuneration Committee is to:

- review the remuneration policy for the consolidated entity;
- approve the remuneration (including incentives) of the Managing Director and Chief Executive Officer and the Executives reporting to the Managing Director and Chief Executive Officer;
- review the performance and financial incentives of the Managing Director and Chief Executive Officer on an annual basis;
- review proposals for incentive plans prior to submission to the Board of Directors for approval;
- review human resources planning with particular emphasis on succession planning for senior group executive positions; and
- develop a formal gender diversity policy and determine appropriate measurable objectives.

Recommendation 8.3: *Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.*

Disclosure of the remuneration for each Director and each of the Executives comprising key management personnel is set out on pages 19 to 24.

Non-executive Directors do not participate in any share or option plans offered by the Company.

Additionally, there are no retirement benefit plans available to non-executive Directors of the Company. The consolidated entity does make contributions to approved superannuation funds on behalf of each eligible Australian resident non-executive Director in accordance with the superannuation guarantee legislation.

Website - Further information in relation to the consolidated entity is available on our websites at www.tencorporate.com.au.

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2013

	Note	Consolidated 2013 $'000	2012 $'000
Revenue from continuing operations	4	653,893	751,894
Other revenue	4	6,791	2,253
Other income	4	218	-
Television costs		(599,232)	(658,537)
Out-of-home costs		(30,309)	(25,703)
Impairment of intangible assets	5	(292,122)	-
Restructuring costs	5	(14,410)	(3,585)
Impairment of fixed assets	5	(9,442)	-
Provision of onerous contracts	5	(20,268)	-
Write-down of investments	5	-	(7,843)
Finance costs	5	(22,308)	(38,082)
Share of net loss of joint ventures accounted for using the equity method		(1,474)	(5,172)
(Loss) / Profit before income tax	6(b)	(328,663)	15,225
Income tax benefit / (expense)	6(a)	54,640	(10,192)
(Loss) / Profit from continuing operations		(274,023)	5,033
(Loss) from discontinued operations	7	(4,099)	(9,233)
(Loss) for the year		**(278,122)**	**(4,200)**
(Loss) is attributable to:			
(Loss) attributable to owners of the Company		(284,993)	(12,871)
Profit attributable to non-controlling interests	25	6,871	8,671
	25	**(278,122)**	**(4,200)**
(Loss) for the year		(278,122)	(4,200)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	24	2,650	(748)
Exchange differences on translation of foreign operations		1,389	(418)
Total comprehensive (loss) for the year, net of tax		(274,083)	(5,366)
Total comprehensive (loss) attributable to owners of Ten Network Holdings Limited		(280,954)	(14,037)
Total comprehensive profit attributable to non-controlling interests		6,871	8,671
		(274,083)	**(5,366)**

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2013

	Note	Consolidated 2013 $'000	2012 $'000
Total comprehensive (loss) attributable to members of Ten Network Holdings Limited			
Continuing Operations		(276,855)	(4,330)
Discontinued Operations		(4,099)	(9,707)
		(280,954)	(14,037)

Earnings Per Share	Note	2013 Cents	2012 Cents
Basic earnings per share	28	**(12.88)**	**(1.15)**
- From continuing operations		(12.69)	(0.32)
- From discontinued operations		(0.19)	(0.83)
Diluted earnings per share	28	**(12.88)**	**(1.15)**
- From continuing operations		(12.69)	(0.32)
- From discontinued operations		(0.19)	(0.83)

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

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
Current Assets			
Cash and cash equivalents	8	122,351	93,944
Receivables	9	129,290	115,984
Program rights and inventories	10	166,318	149,032
Current tax assets	6(c)	2,233	7,483
Other	11	20,512	6,155
Assets classified as held for sale	7	-	140,783
Total Current Assets		**440,704**	**513,381**
Non-Current Assets			
Program rights and inventories	13	30,773	3,203
Other financial assets	12	6,994	4,882
Property, plant and equipment	14	54,238	70,120
Intangible assets	15	785,701	1,079,787
Other	16	439	335
Total Non-Current Assets		**878,145**	**1,158,327**
Total Assets		**1,318,849**	**1,671,708**
Current Liabilities			
Payables	17	142,480	137,792
Borrowings	20	150,000	123,261
Derivative financial instruments	21	-	91,206
Provisions	18	44,148	43,041
Liabilities directly associated with assets classified as held for sale	7	-	43,847
Total Current Liabilities		**336,628**	**439,147**
Non-Current Liabilities			
Payables	19	43,832	17,791
Borrowings	20	-	150,000
Derivative financial instruments	21	6,676	6,042
Deferred tax liabilities	6(d)	9,951	70,926
Provisions	22	35,949	46,012
Total Non-Current Liabilities		**96,408**	**290,771**
Total Liabilities		**433,036**	**729,918**
Net Assets		**885,813**	**941,790**

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
Equity			
Contributed equity	23	2,781,103	2,555,527
Reserves	24	(1,197,031)	(1,205,782)
Accumulated losses	25	(701,564)	(416,571)
Capital and reserves attributable to equity holders of the Company		882,508	933,174
Non-controlling interests		3,305	8,616
Total Equity		**885,813**	**941,790**

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

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2013

	Contributed Equity $'000	Equity Reserve $'000	Other Reserves $'000	Accumu -lated Losses $'000	Total $'000	Non-controlling interest $'000	Total Equity $'000
Balance at 1 September 2012	**2,555,527**	**1,840**	**(1,207,622)**	**(416,571)**	**933,174**	**8,616**	**941,790**
Profit for the year	-	-	-	(284,993)	(284,993)	6,871	(278,122)
Other comprehensive income	-	-	4,039	-	4,039	-	4,039
Total comprehensive income for the year	-	-	4,039	(284,993)	(280,954)	6,871	(274,083)
Reversal of foreign currency translation reserves on disposal of offshore operations	-	-	5,330	-	5,330	-	5,330
Contributions of equity net of transaction costs	224,964	-	-	-	224,964	-	224,964
Issue of shares held by Employee Share Trust	612	-	(618)	-	(6)	-	(6)
Dividends paid	-	-	-	-	-	(12,182)	(12,182)
Balance at 31 August 2013	**2,781,103**	**1,840**	**(1,198,871)**	**(701,564)**	**882,508**	**3,305**	**885,813**
Balance at 1 September 2011	**2,356,548**	**1,840**	**(1,205,199)**	**(345,349)**	**807,840**	**3,476**	**811,316**
Profit for the year	-	-	-	(12,871)	(12,871)	8,671	(4,200)
Other comprehensive income	-	-	(1,113)	-	(1,113)	(55)	(1,168)
Total comprehensive income for the year	-	-	(1,113)	(12,871)	(13,984)	8,616	(5,368)
Contributions of equity net of transaction costs	197,171	-	-	-	197,171	-	197,171
Issue of shares held by Employee Share Trust	1,808	-	(2,374)	-	(566)	-	(566)
Employee share plan expense	-	-	1,064	-	1,064	-	1,064
Dividends paid	-	-	-	(58,351)	(58,351)	(3,476)	(61,827)
Balance at 31 August 2012	**2,555,527**	**1,840**	**(1,207,622)**	**(416,571)**	**933,174**	**8,616**	**941,790**

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

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

	Note	Consolidated 2013 $'000	2012 $'000
Net increase in cash and cash equivalents			
Cash on hand	8	88	90
Cash at bank	8	122,263	93,854
At end of year		122,351	93,944
At beginning of year		93,944	19,069
Cash held by discontinued operation at end of period	7	-	2,993
Cash held by discontinued operation at beginning of period	7	2,993	-
Effects of exchange rate movements on cash and cash equivalents		-	81
Net cash inflows for the year		**25,414**	**77,949**
Represented by:			
Cash Flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		723,211	993,851
Payments to suppliers and employees (inclusive of goods and services tax)		(767,291)	(888,779)
Interest received		6,062	1,218
Bank interest paid		(15,145)	(30,499)
Treasury costs paid		(2,604)	(3,392)
Income tax received/(paid)			
Prior year refunds received		24,251	-
Current year payments		(22,699)	(30,609)
Net cash (outflows)/inflows from operating activities	36	(54,215)	41,790
Cash Flows from investment activities			
Acquisition of property, plant and equipment		(11,862)	(23,150)
Proceeds on disposal of property, plant and equipment		460	455
Dividends received		1,040	1,000
Proceeds from sale of investment		92,040	1,410
Payments for other investments		(1,970)	(5,855)
Net cash inflows/(outflows) from investment activities		79,708	(26,140)
Cash Flows from financing activities			
Net proceeds from issue of shares		222,826	196,000
Dividends paid		(12,181)	(58,351)
Proceeds from borrowings		-	415,000
Repayment of borrowings		(210,084)	(490,350)
Refinancing costs		(640)	-
Net cash (outflows)/inflows from financing activities		(79)	62,299
Net cash inflows for the year		**25,414**	**77,949**

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Ten Network Holdings Limited and its controlled entities.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group (UIG) Interpretations and the Corporations Act 2001. The Company is a for profit company.

Compliance with IFRS

The consolidated financial statements of the Company and its controlled entities also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

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

Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes to Presentation – Classification of Disposal Group Held for Sale

During the year, the Company disposed of the Out-of-Home operations in Australia, New Zealand and Indonesia and separately the sale of the operations in the United Kingdom. These assets and liabilities of the entire Out-of-Home group, including the US, were disclosed as held for sale in 2012. A review of the accounting treatment of the US operations concluded that it was no longer appropriate to disclose the investment as 'Held for Sale' and the comparative information was reclassified accordingly.

Comparative information is reclassified where appropriate to enhance comparability.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of all entities controlled by the Company as detailed in Note 26 to the financial statements. The Company and its controlled entities together are referred to in this financial report as the consolidated entity. The financial statements of controlled entities are included from the date control commences until the date control ceases.

All intercompany transactions are eliminated in full. Non-controlling interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

The consolidated entity treats transactions with non-controlling interest that do not result in a loss of control as transactions with equity owners of the consolidated entity.

Refer to Note 1(j) for the accounting treatment of investments in associates and joint ventures.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Income Tax

The income tax expense for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity, respectively.

The Company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Management have determined that deferred tax assets and deferred tax liabilities associated with indefinite life intangibles such as television licences should be measured based on the tax consequences that would follow from the recovery through ongoing use.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Trade Receivables and Revenue Recognition

Revenue is recognised at fair value of the consideration received net of the amount of goods and services tax (GST). The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the consolidated entity's activities as described below.

Revenue from core operating activities consists of advertising and media revenues and is recognised when the advertisement has been broadcast/displayed or the media service performed.

Advertising and media revenues are disclosed after making allowance for commissions paid to advertising agencies.

Other revenue includes bank interest earned.

All trade receivables are initially measured at fair value and subsequently at amortised cost, less provision for doubtful debts. The amount of the provision is recognised in the statement of comprehensive income.

Trade receivables are due for settlement no more than 45 days from date of recognition. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(e) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Inventories

Television Program Rights

Television program inventory which is available for broadcast is recognised as an asset at the lower of cost and net realisable value. Cost is allocated to television as a program expense when inventory is utilised. Features are expensed over their contract period. Series and other programs are expensed in full upon initial airing.

Television program inventory at balance date for which the telecast licence period has commenced or will commence in the succeeding year has been classified as a current asset.

Other Inventories

All other inventories are carried at the lower of cost and net realisable value, where net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(g) Assets held for sale

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

(h) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method over their estimated useful lives. Estimates of remaining useful lives are made on a regular basis for all assets. The expected useful lives are as follows:

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, Plant and Equipment (continued)

	2013	2012
Buildings	40 years	40 years
Plant and Equipment	2 to 10 years	2 to 10 years

The cost of the freehold land and buildings is regularly assessed by Directors through impairment testing (Refer to Note 1(e)).

The cost of leasehold improvements is amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(i) Intangibles

Television Licences

Television licences are stated at cost less accumulated impairment losses. The television licences continue to be subject to Government legislation and regulation by the Australian Communications and Media Authority ("ACMA"). The Directors have no reason to believe that the licences will not be renewed in due course.

No amortisation is provided against these assets as the Directors believe that the television licences do not have a limited useful life. Instead, the Directors regularly assess the carrying value of licences through impairment testing (Note 1(e)) so as to ensure that they are not carried at a value greater than their recoverable amount.

Other Licences

Other licences represent capitalised outdoor site leases. These licences are being amortised on a straight line basis over the term of the site leases (approximately 20 to 40 years).

Goodwill

Goodwill is measured as described in Note 1(k). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (Note 35).

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Investments

Associates and Joint Ventures

Associates comprise those investments where the consolidated entity exercises significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The consolidated entity's equity accounted share of the associates' and joint ventures' net profit or loss is recognised in the consolidated statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in reserves from the date significant influence commences until the date significant influence ceases. When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains and losses on transactions between the consolidated entity and its associates are eliminated to the extent of its interest in the associates.

Other Investments

Other investments are carried in the consolidated financial statements at cost.

(k) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the consolidated entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(l) Leases

Operating leases

Operating leases are those leases under which the lessor effectively retains substantially all the risks and benefits incidental to ownership of leased non-current assets.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leases (continued)

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease for contracts which include fixed annual increases.

The present value of future payments for surplus leased space under non-cancellable operating leases is recognised as a liability, net of sub-leasing revenue, in the period in which it is determined that the leased space will be of no future benefit to the Company. Each lease payment is allocated between the liability and finance charge. Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

Finance leases

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

(m) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(n) Employee Benefits

Wages and Salaries, Annual Leave and Long Service Leave

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement Benefit Obligations

Contributions to defined contribution funds are recognised as an expense as they become payable.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee Benefits (continued)

Equity-Based Compensation Benefits

(iv) Long Term Incentive Plan

The fair value of performance rights granted under the Long Term Incentive Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(v) Ten Deferred Incentive Plan

The market value of shares purchased for employees for no cash consideration under the Ten Deferred Incentive Plan is recognised as part of employee benefit costs evenly across the total period over which they vest.

Shares purchased, but which have not yet vested to the employee as at reporting date are classified as Treasury Shares and offset the contributed equity of the consolidated entity. Any differences in the timing of the vesting and expensing of shares are recognised within a share-based payment reserve in equity.

(o) Cash and Cash Equivalents

For purposes of the cash flow statement, cash and cash equivalents includes cash management deposits at call net of outstanding deposits. Any bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(p) Interest Bearing Loans and Borrowings

Interest bearing loans and borrowings are recognised at fair value and subsequently measured at amortised cost.

(q) Borrowing Costs

Borrowing costs incurred for the setup of borrowings are capitalised and subsequently amortised over the life of the associated loan. All other costs are recognised as expenses in the period when incurred.

(r) Provisions

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

Deferred Settlement Costs

The consolidated entity has provided for payment of additional consideration in relation to the original acquisition of a lease. The timing and amount of payment are subject to the extension of the lease over the site.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Provisions (continued)

Provision has also been made in relation to acquisitions during the period where further consideration is anticipated but dependent on future events.

Onerous contracts

An onerous contract provision is recognised when the unavoidable costs of meeting the obligations under a contract exceed the forecast economic benefits associated with the contract. The unavoidable costs reflect the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it. The provision is discounted to present value and the unwinding of the effect of discounting on the provision is recognised as a finance cost.

Make good

A make good provision is recognised for the costs of restoration or removal in relation to property, plant and equipment and site leases where there is a legal or constructive obligation. The provision is initially recorded when a reliable estimate can be determined and discounted to present value. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

Straight-lining

Lease payments are recognised as an expense on a straight-line basis over the lease term for contracts which include fixed annual increases. Cash costs relating to certain contracts will be lower than reported costs in earlier years and higher than reported costs in later years of each contract term. In the earlier years of the lease term, a provision is created which will in effect be unwound over the lease term.

(s) Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of the consolidated entity are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency at the date of the transaction. At balance date amounts payable and receivable are translated at rates of exchange current at that date. All realised and unrealised currency translation gains and losses are brought to account in the statement of comprehensive income.

Consolidated Companies

The result and financial position of the consolidated entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowing repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income as part of the gain or the loss on sale.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Earnings Per Share

Basic Earnings per Share

Basic earnings per share is calculated by dividing:

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

Diluted Earnings per Share

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

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of dilutive potential ordinary shares.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(v) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The consolidated entity documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Derivatives (continued)

Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item will affect profit or loss.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

(w) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(x) Segment Reporting

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions. Two reportable segments have been identified. These are Television and Out-of-Home (EYE US Operations). In 2012, Out-of-Home was removed as it was classed as a discontinued operation. The Chief Executive Officer assesses the performance of the operating segment based on Adjusted EBITDA.

(y) Contributed Equity

Ordinary shares are classified as equity.

If the consolidated entity reacquires its own equity instruments, e.g. under the Ten Deferred Incentive Plan, those instruments are deducted from equity.

Incremental costs directly attributable to the issue of new shares are shown in equity (net of tax) as an offset to the proceeds.

(z) Rounding of Amounts

The Company is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(ab) New Accounting Standards and UIG Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 August 2013 reporting periods. The consolidated entity's and the Company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9,* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 10)* and AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (effective from 1 January 2015)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the consolidated entity's accounting for its financial assets. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect accounting for available-for-sale assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on cashflow hedges, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the group recognised $2.7m of such gains in other comprehensive income.

The group has not yet decided when to adopt AASB 9.

(ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. While the group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ab) New Accounting Standards and UIG Interpretations (continued)

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. The group's investments in joint venture partnership will be classified as joint ventures under the new rules. As the group already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The group is still assessing the impact of these amendments.

The group will adopt the new standards from their operative date. They will therefore be applied in the financial statements for the annual reporting period ending 31 August 2014.

(iii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurements techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The group will adopt the new standard from its operative date, which means that it will be applied in the annual reporting period ending 31 August 2014.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) Parent entity financial information

The financial information for the parent entity, Ten Network Holdings Limited, disclosed in Note 39 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the Company.

(ii) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence, refer Note 1(i).

(iii) Tax Consolidation Legislation

A controlled entity, The Ten Group Pty Limited, and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003.

The Company implemented the tax consolidation legislation as of 1 July 2004.

During February 2008, AMP Life Limited and Copplemere Pty Limited exchanged their remaining interests in The Ten Group Pty Limited into the equivalent number of new shares in the Company.

Following the above exchange, the Company now holds 100% of the shares in The Ten Group Pty Limited. As a result, The Ten Group Pty Limited tax consolidated group joined the existing Ten Network Holdings Limited tax consolidated group. The Company continues to be the head of this tax consolidated group.

The Company as the head entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured under the group allocation method.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the consolidated entity.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iv) Investments

Investments in associates are accounted for in the parent entity financial statements using the cost method.

2 FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as interest rate swaps and cross currency interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, the consolidated entity does not acquire or issue derivative financial instruments for trading or speculative purposes.

The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and aging analysis for credit risk.

The Risk Management Policy and Framework is carried out by management under policies which include Treasury approved by the Board of Directors. The Risk Management and Treasury Policies are written documents and covers specific areas, such as mitigating foreign exchange, interest rate, credit and liquidity risks and the use of derivative financial instruments.

(a) Market Risk

(i) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The consolidated entity operates internationally and has some exposure to foreign exchange risk arising from agreements being denominated in US dollars and UK pounds and from foreign operations, particularly in the US Out-Of-Home business. In the Television segment, the vast majority of international program agreements are denominated in Australian dollars.

The consolidated entity’s risk management policy (set out in the consolidated entity's Treasury Policy) is to hedge identified transactional risk on foreign exchange capital expenditure spend within a $10m p.a. Earnings at Risk tolerance level.

The consolidated entity’s exposure to foreign currency risk at the reporting date was as follows:

	2013 USD $'000	**2012 USD $'000**
Borrowings	-	125,000
Cross Currency Interest rate swaps	-	(125,000)

The carrying amounts of the consolidated entity's financial assets and liabilities are denominated in Australian dollars.

Consolidated entity sensitivity

Based on the financial instruments held at 31 August 2013 and 31 August 2012, there would have been no impact on the entity’s post-tax profit for the year or equity balances had the Australian dollar weakened / strengthened against any foreign currencies.

The borrowings held in foreign currency in 2012 were the USD Senior Unsecured Notes and these notes were repaid in fully during the current reporting period. The USD debt in 2012 was fully swapped into AUD with a cross currency interest rate swap.

2 FINANCIAL RISK MANAGEMENT (continued)

(i) Foreign Exchange Risk (continued)

Foreign subsidiaries of the consolidated entity have all balances denominated in functional currency and are not subject to transaction risk. They therefore do not have an impact on the profit and loss of the consolidated entity.

(ii) Cash Flow and Fair Value Interest Rate Risk

The consolidated entity's main interest rate risk arises from long-term borrowings which are all issued at variable rates and therefore expose the consolidated entity to cash flow interest rate risk.

The fixed rate USD Private Placement entered into in March 2003 was fully repaid during the current reporting period. It was fully swapped into variable rate borrowings at inception via a cross currency interest rate swap. The consolidated entity has no other fixed rate debt.

The consolidated entity manages its cash flow interest rate risk by interest rate swaps. These have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the consolidated entity raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the consolidated entity borrowed at fixed rates directly. Under the interest rate swaps, the consolidated entity agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The Treasury Policy has a framework for managing the core debt portfolio and is based on the spread of the interest rate resets across the yield curve, as measured by the proportion of the total face value of the debt which falls into specified repricing buckets on a rolling basis. The policy allows for latitude in managing interest rate risk with minimum and maximum repricing limits for each time band based on management's assessment of future interest rate movements.

A Treasury Report is prepared on a monthly basis for senior management and presented to a Management Treasury Steering Group and the Board on a quarterly basis.

As at the reporting date, the consolidated entity had the following variable rate borrowings and interest rate swap contracts outstanding:

	31 August 2013		31 August 2012	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Borrowings ^	4.3%	150,000	5.9%	360,084
Interest rate swaps *	5.5%	(100,000)	6.0%	(215,000)
		50,000		**145,084**

^ Made up of:

	31 August 2013	31 August 2012
USD senior unsecured notes #	-	210,084
AUD senior unsecured notes	150,000	150,000
	150,000	**360,084**

2 FINANCIAL RISK MANAGEMENT (continued)

(ii) Cash Flow and Fair Value Interest Rate Risk (continued)

Represents principal of notes. In 2012, the $86.82m difference to carrying amount of USD senior unsecured notes is revaluation in accordance with AASB 139 and AASB 121.

* Notional principal amounts.

An analysis by maturities is provided in (c) below.

Consolidated entity sensitivity

At 31 August 2013, if interest rates had changed by -/+ 100 basis points from the year end rates with all other variables held constant, post-tax profit for the year would have been $0.48m lower / $0.48m higher (2012: -/+ 100 bps: $0.36m higher / $0.31m lower). The profit impact for 2013 is mainly the result of lower / higher interest rate revenue from cash net of borrowings. The profit impact for 2012 is mainly the result of lower / higher interest rate expense from borrowings net of cash.

Other components of equity would have been $2.12m lower / $2.04m higher (2012: $3.22m lower / $3.04m higher) mainly as a result of an increase / decrease in the fair value of the cash flow hedges of borrowings.

(b) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss. The consolidated entity is exposed to credit risk from its operating activities (primarily from customer receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk related to receivables

Customer credit risk is managed by each business segment subject to a policy and controls related to customer credit risk management.

Credit is extended to customers following either internal or external credit ratings. For internal credit ratings, a written policy exists outlining strict credit assessment criteria and the credit quality will determine the credit limit. Outstanding customer receivables are monitored regularly and any credit concerns are highlighted to senior management. Monthly credit reports are monitored by both senior management and the most current report is also tabled at the Audit/ Risk/ Treasury Committee meetings.

As at 31 August 2013, the consolidated entity had 9 customers totalling $92m (2012: 10 customers - $100m) that owed the consolidated entity more than $5 million each which accounted for 71.6% (2012: 72.3%) of all receivables owing.

As at 31 August 2013, approximately 70% (2012: 70%) of the Company's trade receivables are due from a small number of large national or multinational advertising agencies, rated centrally by an external industry body. The remaining trade receivables are due from a large number of small to medium size clients. The Company has historically experienced very low rates of bad debts.

2 FINANCIAL RISK MANAGEMENT (continued)

Credit risk related to cash and derivative financial instruments

Credit risk from cash balances and derivative financial instruments with financial institutions are managed by Group Treasury in accordance with the Board approved Treasury Policy.

Counterparty credit ratings and limits are set out in the Treasury Policy with the aim to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

The consolidated entity only transacts with entities that are rated above investment grade.

As at 31 August 2013, approximately 99% (2012: 99%) of cash balances and 85% (2012: 85%) of derivative financial instruments (based on notional value) are with financial institutions which are rated AA^-. The Company does not have any cash balances or derivative financial instruments with financial institutions which are rated below A.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the consolidated entity aims to maintain flexibility in funding by keeping committed credit lines available.

(i) Financing arrangements

The consolidated entity had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Floating rate		
Expiring within one year	5,000	5,000
Expiring beyond one year	80,000	350,000
	85,000	**355,000**

The table above includes $5m of bank overdraft facilities which may be drawn at any time and may be terminated by the bank without notice. Subject to the continued compliance with obligations under the bank facility agreement, including bank covenants, the bank loan facilities may be drawn at any time and have an average maturity of 2.2 years (2012 – 1.5 years).

Refer to Note 3 for information regarding a post year-end refinancing package.

2 FINANCIAL RISK MANAGEMENT (continued)

(ii) Maturities of financial liabilities

The tables below analyse the consolidated entity's financial liabilities and derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cashflows. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the reporting date. USD cashflows relating to the USD senior unsecured notes and the CCIRS have been translated at the spot rate applicable at reporting date.

Consolidated entity At 31 August 2013 $'000	**1 year or less**	**Between 1 and 2 Years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying Amount liabilities**
Non-derivatives						
Payables	142,480	43,832	-	-	186,312	186,312
Borrowings						
Variable rate#	4,890	5,384	152,716	-	162,990	150,000
Fixed rate	-	-	-	-	-	-
Financial Guarantee contracts*	230,353	-	-	-	230,353	-
Total non-derivatives	**377,723**	**49,216**	**152,716**	**-**	**579,655**	**336,312**
Derivatives						
Interest rate swaps (net-settled)	2,972	2,413	2,005	(8)	7,382	6,676
Total derivatives	**2,972**	**2,413**	**2,005**	**(8)**	**7,382**	**6,676**

* Financial guarantee contracts include guarantees issued by the Company and The Ten Group Pty Limited (a controlled entity) over the minimum rental payments of various Out-of-home leased sites and Television property leases and also bank guarantees put in place over various Out-of-home leased sites and Television property leases. The amounts disclosed in the table are the maximum amounts allocated to the earliest period in which the guarantee could be called. The consolidated entity does not expect payment from these financial guarantees.

The $152.7m disclosed in time band 'between 2 and 5 years' includes AUD $150m of Senior Unsecured Notes which are contracted to mature in December 2015. The Company intends to repay these Notes in full during 2014, pending shareholder approval of a refinancing package.

2 FINANCIAL RISK MANAGEMENT (continued)

Consolidated entity At 31 August 2012 $'000	1 year or less	Between 1 and 2 Years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount liabilities
Non-derivatives						
Payables	137,792	17,791	-	-	155,583	155,583
Borrowings						
Variable rate	5,857	5,583	158,517	-	169,957	150,000
Fixed rate	127,616	-	-	-	127,616	123,261
Financial Guarantee contracts	194,300	-	-	-	194,300	-
Total non-derivatives	**465,565**	**23,374**	**158,517**	**-**	**647,456**	**428,844**
Derivatives						
Interest rate swaps (net-settled)	4,936	2,517	3,942	438	11,833	10,354
Cross Currency interest rate Swaps (gross-settled)						
(Inflow)	(127,616)	-	-	-	(127,616)	-
Outflow	219,617	-	-	-	219,617	86,894
Total derivatives	**96,937**	**2,517**	**3,942**	**438**	**103,834**	**97,248**

(d) Fair Value of Financial Instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

1. quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
2. inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices (level 2), and
3. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following tables present the consolidated entity's assets and liabilities measured and recognised at fair value at 31 August 2013.

2 FINANCIAL RISK MANAGEMENT (continued)

Consolidated entity At 31 August 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivatives	-	6,676	-	6,676
Total liabilities	-	6,676	-	6,676

Consolidated entity At 31 August 2012	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivatives	-	97,248	-	97,248
Total liabilities	-	97,248	-	97,248

Level 2 instruments: Include the fair value of financial instruments that are not traded in an active market (derivative financial instruments). The fair value is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Techniques, such as estimated discounted cash flows, are used to determine fair value for financial instruments. The fair value of interest rate swaps and the cross currency swap is calculated as the present value of the estimated future cash flows.

The Consolidated entity did not hold any level 1 and level 3 instruments as at 31 August 2013.

The carrying value of the consolidated entity's financial instruments is their fair value.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Proposed Refinancing Package Requiring Shareholder Approval

The consolidated entity is currently operating under financial banking covenants attached to the existing $150m Senior Unsecured Notes and the $80m Revolving Cash Advance Facility. As a result of the consolidated entity's operating performance and continued market volatility, it is managing costs and undertaking other initiatives to remain within these covenants. The consolidated entity complied with all of its financial banking covenants for the 2013 financial year.

The consolidated entity has entered into a new refinancing package ("Refinancing Package") that if approved, will provide access to necessary funds for investment in key programming initiatives, and relieve the consolidated entity from operating under financial banking covenants for a period of up to four years.

The Refinancing Package comprises a $200m Revolving Cash Advance Facility ("Facility") with the Commonwealth Bank of Australia and is guaranteed by three major shareholders, Mr L Murdoch, Mr J Packer, Mr B Gordon and their related entities ("Shareholder Guarantors").

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

Key features of the proposed Refinancing Package are:

- 4 year $200m Revolving Cash Advance Facility with the Commonwealth Bank of Australia
- it is a covenant light facility with no financial covenants
- the Facility is guaranteed by Shareholder Guarantors
- the Shareholder Guarantors will be entitled to receive a fee at the end of the Guarantee Period (with the fee being convertible into shares at their election at that time) and will be fully secured against the assets of the consolidated entity under the Refinancing Package (Shareholder Guarantor Arrangements)
- the margin for the Refinancing Package, inclusive of the Shareholder Guarantors' fee, is fixed until 31 August 2015. The margin then reverts to a variable fee based on the debt to EBITDA ratio of the Company for the remaining term of the Facility. The margin for the Refinancing Package benchmarks favourably to alternative financing options available to the Company.
- a portion of the proceeds along with existing cash reserves will be used to repay the existing $150m Senior Unsecured Notes prior to maturity, at which time the undrawn $80m Revolving Cash Advance Facility will be extinguished. The remainder of the proceeds will be used for general working capital purposes.

Shareholder approval is required, and will be sought at the 2013 Annual General Meeting, in order for the Company to take up the Refinancing Package. Shareholder Guarantors and their associates will be excluded from voting.

In accordance with ASX listing rule 10.1, an Independent Expert has been engaged to provide a report on the Shareholder Guarantor Arrangements. An Explanatory Memorandum containing full details of the proposed Shareholder Guarantor Arrangements along with the Report of the Independent Expert will be provided to all shareholders with the Notice of Annual General Meeting.

The Financial Statements have been prepared on the basis that the Directors expect that the Refinancing Package will be approved by the shareholders at the 2013 Annual General Meeting.

Estimated Impairment of Intangible Assets With Indefinite Lives and Goodwill
The consolidated entity tests annually or when circumstances indicate impairment, whether indefinite lived intangibles and goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1(e). The recoverable amount of the television cash-generating unit has been determined based on a value-in-use calculation. The recoverable amount of the out-of-home cash-generating unit in the prior period was determined based on fair value less costs to sell. These calculations require the use of assumptions. Refer to Note 15 for details of these assumptions and the potential impact of changes to the assumptions.

Estimated Impact of Onerous Contract Provisions
An onerous contract provision is recognised when the forecast costs of a contract exceed the forecast revenues associated with the contract. The provision is initially recorded when a reliable estimate can be determined and is discounted to present value. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

Income Taxes
The consolidated entity has recognised deferred tax assets relating to carried forward tax losses. The consolidated entity expects to utilise these losses over a reasonable period.

4 REVENUE

	Consolidated 2013 $'000	Consolidated 2012 $'000
Revenue from continuing operations		
Sales revenue	653,893	751,894
	653,893	751,894
Other revenue		
Interest	5,751	1,253
Dividend	1,040	1,000
	6,791	2,253
Other income		
Foreign exchange gain	218	-
	218	-

5 EXPENSES

	Consolidated 2013 $'000	Consolidated 2012 $'000
Profit from continuing operations before income tax includes the following specific items:		
Net loss on sale of property, plant and equipment	243	11
Net bad and doubtful debts, including movements in provision for doubtful debts	2,130	333
Employee benefits expense	116,774	129,005
Defined contribution superannuation expense	9,147	10,455
Operating lease rentals		
Minimum lease payments	37,373	36,194
Contingent rental expense	864	1,209
Rental expense from sub-lease	127	83
Finance costs		
Interest expense	19,402	32,604
Unwinding of discount	2,870	5,207
Fair value (gain)/loss on financial liabilities	347	430
Other	(311)	(159)
	22,308	38,082
Depreciation and amortisation of property, plant and equipment:		
Plant and equipment	15,623	17,049
Leasehold improvements	1,731	1,130
Buildings	235	235
	17,589	18,414

5 EXPENSES (continued)

In the year ended 31 August 2013, the Company had $336.3m of charges from operating activities which are individually significant items and are non-recurring in nature. They include the impairment of intangible assets ($292.1m), provision of onerous contracts ($20.3m), impairment of fixed assets ($9.4m) and restructure costs in the television business ($14.1m).

In the year ended 31 August 2012, the Company had $11.4m of charges which are non-recurring and relate primarily to the writedown of the Company's Investment in OurDeal Pty Limited ($7.8m). They also include redundancy costs in the Television segment ($3.6m).

6 INCOME TAX

	Consolidated 2013 $'000	Consolidated 2012 $'000
(a) Income tax expense		
Current income tax expense/(revenue)	(117,010)	16,277
Deferred income tax (revenue)/expense	60,975	(5,658)
Prior year adjustments	(440)	(288)
	(56,475)	10,331
Attributable to:		
(Loss)/profit from continuing operations	(54,640)	10,192
(Loss)/profit from discontinued operations	(1,835)	139
Total income tax expense	(56,475)	10,331
Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax asset	-	1,443
(Increase) / decrease in deferred tax liabilities	60,975	(7,101)
	60,975	(5,658)
(b) Reconciliation of income tax to prima facie tax payable		
(Loss) /profit from continuing operations before tax	(328,663)	15,225
(Loss) from discontinued operations before tax	(5,934)	(9,094)
	(334,597)	6,131
Tax at the Australian tax rate 30%	(100,379)	1,839
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non deductible depreciation and amortisation	76	456
Deferred tax asset not recognised on TV licence impairment	31,588	-
Writedown of investments	-	6,032
Utilisation of capital losses	-	111
Share in associates' losses	442	569
Unfranked dividends received	-	1,465
Tax loss on sale of subsidiary	1,661	-
Utilisation of deferred tax assets not previously brought to account	162	2,469
Regional deferred tax assets not brought to account	10,877	(2,231)
Write back of deferred tax cost base adjustments from prior periods	-	(983)
Other	(462)	892
Prior year adjustments	(440)	(288)
Income tax expense	(56,475)	10,331

6 INCOME TAX (continued)

	Consolidated 2013 $'000	2012 $'000
(c) Current tax liabilities/ (assets)		
Provision for income tax/ (Income tax receivable)	(2,233)	(7,483)
(d) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Provision for doubtful debts and advertising credits	(962)	(770)
Carry forward tax losses	(24,339)	-
Television licences	-	56,051
Program rights	62,702	48,860
Property, plant and equipment	900	1,100
Capitalised costs	(209)	(336)
Trade creditors and accruals	(4,170)	(2,965)
Provisions	(19,915)	(26,561)
Hedge reserve	(1,926)	(3,050)
Equity raising expenses	(2,130)	(1,403)
Deferred tax liability	9,951	70,926
The potential deferred tax asset not brought to account is:		
Unutilised tax losses and temporary differences where reversal is not probable	42,465	22,682

7 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

During the year, the Company disposed of the Out-of-Home operations in Australia, New Zealand and Indonesia and separately the sale of the operations in the United Kingdom. These assets and liabilities of the entire Out-of-Home group, including the US, were disclosed as held for sale in 2012. A review of the accounting treatment of the US operations concluded that it was no longer appropriate to disclose the investment as 'Held for Sale'. As such, the prior year comparatives have been restated.

	Consolidated 2013 $'000	2012 $'000
(a) Assets classified as held for sale		
Disposal group held for sale		
Cash	-	2,993
Receivables	-	18,347
Current tax assets	-	(66)
Property, plant and equipment	-	21,300
Intangibles	-	79,807
Deferred Tax asset	-	9,168
Other	-	9,234
Total assets of disposal group held for sale	-	140,783
(b) Liabilities classified as held for sale		
Disposal group held for sale		
Payables	-	17,816
Deferred Tax Liability	-	7,091
Provisions	-	18,940
Total liabilities of disposal group held for sale	-	43,847

(c) Discontinued operations

(i) Description

On 1 November 2012, Ten Network Holdings Limited completed the sale of Eye Corp Pty Limited to Outdoor Media Operations Pty Limited. On 22 February 2013, Ten Network Holdings Limited completed the on-sale of the Eye Corp UK operations in the United Kingdom to Airport Partners.

7 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

(ii) Financial performance and cash flow information

The financial performance and cash flow information presented for the twelve months ended 31 August 2013.

	Consolidated	
	2013	2012
	$'000	$'000
Revenue	19,501	109,858
Other income	-	47
Expenses [(i)]	(25,435)	(118,999)
Profit before income tax	(5,934)	(9,094)
Income tax benefit/(expense)	1,835	(139)
Profit after income tax of discontinued operation	**(4,099)**	**(9,233)**
Net cash (outflow) / inflow from operating activities	(5,179)	(5,057)
Net cash (outflow) from investing activities	(6,203)	(4,922)
Net cash inflow from financing activities	8,367	5,349
Effects of exchange rate changes on cash and cash equivalents	22	(91)
Net (decrease) / increase in cash generated by the discontinued operation	**(2,993)**	**(4,721)**

[(i)] Included in Expenses is a non-recurring loss of $5.1m on the sale of Eye Corp Pty Limited. In 2012 included in Expenses is a non-recurring impairment loss of $12.3m recorded against goodwill, to write-down the Eye Corp disposal group to estimated fair value less costs to sell.

8 CASH AND CASH EQUIVALENTS

Cash on hand	88	90
Cash at bank	122,263	93,854
	122,351	93,944

9 RECEIVABLES (CURRENT)

Trade debtors	132,547	118,592
Provision for impairment of receivables	(2,219)	(663)
Provisions for advertising credits	(1,039)	(1,947)
	129,289	115,982
Loans and advances		
Associated companies	1	2
	1	2
	129,290	115,984

All receivables are non-interest bearing.

(a) Impaired trade receivables

As at 31 August 2013 current trade receivables of the consolidated entity with a nominal value of $2.2m (2012: $0.6m) were impaired. The amount of the provision was $2.2m (2012: $0.6m). The individually impaired receivables are in the Television business segment and relate to a number of individual debtors for which these amounts are expected to be not recoverable.

9 RECEIVABLES (CURRENT) (continued)

The ageing of these receivables is as follows:

	Consolidated 2013 $'000	Consolidated 2012 $'000
1 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
Over 90 days	2,219	663
	2,219	663

	Consolidated 2013 $'000	Consolidated 2012 $'000
Movements in the provision for impairment of receivables are as follows:		
Opening balance	663	767
Provision for impairment recognised during the year	2,130	333
Receivables written off during the year as uncollectible	(574)	(106)
Unused amount reversed	-	-
Classified as held for sale	-	(331)
At 31 August	2,219	663

The creation and release of the provision for impaired receivables has been included in "television costs" in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

As of 31 August 2013, trade receivables in the consolidated entity of $2.3m (2012: $2.2m) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing of these trade receivables by business segment are as follows:

	Television 2013 $'000	Television 2012 $'000
Up to 30 days overdue	-	932
31 to 60 days overdue	1,510	99
61 to 90 days overdue	101	(66)
Over 90 days overdue	663	1,204
	2,274	2,169

The other classes within receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The consolidated entity does not hold any collateral in relation to these receivables.

(c) Other loans and advances
Other loans and advances do not contain impaired assets and are not past due.

(d) Foreign exchange
Information about the consolidated entity and the company's exposure to foreign currency risk in relation to receivables is provided in Note 2.

9 RECEIVABLES (CURRENT) (continued)

(e) Fair Value and Credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above and is not considered to be material.

	Consolidated	
	2013	2012
	$'000	$'000
10 PROGRAM RIGHTS & INVENTORIES (CURRENT)		
Program rights	166,318	149,032

Inventory expense

Inventories recognised as expense during the year ended 31 August 2013 amount to $314.0m (2012: $336.6m).

11 OTHER ASSETS (CURRENT)

	2013	2012
Deferred consideration [i]	12,780	-
Prepayments	7,226	5,420
Capitalised borrowing costs	219	721
Sundry debtors	287	14
	20,512	6,155

[i] Net of accrued transaction costs of $0.3m

12 OTHER FINANCIAL ASSETS (NON-CURRENT)

	2013	2012
Investments in unlisted securities		
Investments accounted for using the equity method	3,462	1,250
Investments in unlisted securities	3,532	3,632
	6,994	4,882

During the prior year, the Company acquired shares in Zeebox Australia Pty Limited ("Zeebox"). Zeebox is a second screen companion application that complements the TV viewing experience.

13 PROGRAM RIGHTS & INVENTORIES (NON-CURRENT)

	2013	2012
Program rights	30,773	3,203

14 PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2013 $'000	Consolidated 2012 $'000
Freehold land		
At cost	2,740	2,740
Freehold buildings		
At cost	7,061	7,701
Accumulated depreciation	(2,852)	(3,257)
	4,209	4,444
Leasehold improvements		
At cost	23,531	22,828
Accumulated depreciation	(6,775)	(5,045)
Provision for impairment	(61)	-
	16,695	17,783
Plant and equipment		
At cost	195,105	224,474
Accumulated depreciation	(157,064)	(162,669)
Provision for impairment	(7,447)	(16,652)
	30,594	45,153
Total property, plant and equipment		
Net book value	54,238	70,120

The valuation basis of land and buildings is supported by independent valuations made in November 2011 by AON Risk Solutions.

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	2013 $'000	2012 $'000
Freehold land		
Balance at beginning of year	2,740	2,740
Additions	-	-
Balance at end of year	2,740	2,740
Freehold buildings		
Balance at beginning of year	4,444	4,659
Additions	-	20
Depreciation	(235)	(235)
Balance at end of year	4,209	4,444
Leasehold improvements		
Balance at beginning of year	17,783	11,107
Additions	666	6,330
Depreciation	(1,731)	(1,130)
Foreign currency exchange differences	38	57
Provision for impairment	(61)	-
Revaluation of makegood	-	1,455
Assets classified as held for sale	-	(36)
Balance at end of year	16,695	17,783

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated 2013 $'000	Consolidated 2012 $'000
Plant and equipment		
Balance at beginning of year	45,153	66,064
Additions	8,036	9,508
Disposals	(439)	(23)
Foreign currency exchange differences	914	-
Depreciation	(15,623)	(17,049)
Provision for impairment	(7,447)	-
Write-back of impairment	-	7,998
Assets classified as held for sale	-	(21,345)
Balance at end of year	30,594	45,153

15 INTANGIBLE ASSETS

	2013	2012
Television licences – cost	785,701	1,077,822
Opening net book amount	1,077,822	1,077,822
Provision for impairment	(292,121)	-
Closing net book amount	785,701	1,077,822
Other licences – cost	-	-
Accumulated amortisation	-	-
	-	-
Opening net book amount	-	16,845
Amortisation	-	-
Assets classified as held for sale	-	(16,845)
Closing net book amount	-	-
Goodwill	-	-
Opening net book amount	-	72,770
Assets classified as held for sale	-	(72,770)
Closing net book amount	-	-
Other identifiable intangibles – cost	1,965	15,292
Accumulated amortisation	-	(2,946)
Provision for impairment	(1,965)	(10,381)
	-	1,965
Opening net book amount	1,965	3,974
Amortisation	-	-
Provision for impairment	(1,965)	-
Assets classified as held for sale	-	(2,009)
Closing net book amount	-	1,965
Total Intangible Assets	785,701	1,079,787

15 INTANGIBLE ASSETS (continued)

(a) Impairment tests for Television licences

Television licences are not amortised as the Directors believe that the television licences do not have a limited useful life. Instead, television licences are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired.

In the period ended 31 August 2013, an impairment loss of $292.1m was recorded. The television licence impairment charge reflects that the free-to-air television advertising market is at a low point of its growth cycle, and that the Company is at a low point in the cycle of its share of that advertising market. The estimated recoverable amount of the Television cash-generating unit (CGU), based on value-in-use, equals its carrying amount.

Television licences are allocated to CGUs identified according to reporting segments.

Television licences are carried at the following values:

Television Licences	**Television CGU** **$'000**
2013	785,701
2012	1,077,822

The recoverable amount of a CGU is determined based on value-in-use calculations. The following describes each key assumption in performing these calculations:

Cash flow forecasts and growth rates

Cash flows forecasts are based on the following assumptions:

- Five year forecast based on management's latest expectations for future performance.
- Revenue growth rates used over the five year forecast vary from year to year and average at an annual revenue growth rate of 6.0% (2012: 6.6%) over this period. The revenue growth is driven by a combination of both market growth and market share.
- The terminal value is based on the Gordon's Growth Model using a 3% (2012: 3%) growth rate, which approximates long term CPI growth.

Discount rates

Pre tax discount rate of 13.6% (2012: 14.3%) is the risk adjusted Weighted Average Cost of Capital (”WACC”) for the consolidated entity.

Impact of Possible Changes in Key Assumptions

A change in any of the key assumptions including growth rates or the WACC could cause a change in the carrying value of the television licences. If a terminal growth rate of 4% was used, the recoverable amount would increase by $141.2m.

In the event that adverse changes in key assumptions look likely, management is able to review costs to minimise the effects of the changes on the recoverable amount.

(b) Impairment tests for Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired.

Goodwill is allocated to cash-generating units (CGUs) identified according to reporting segments.

Goodwill allocation is as below:

Goodwill	Out-of-home CGU $'000
2013	-
2012	60,507

The recoverable amount of the Out-of-home CGU in 2012 was determined based on fair value less costs to sell. These were based on estimated net proceeds from the sale of Eye Corp.

	Consolidated	
	2013 $'000	2012 $'000

16 OTHER ASSETS (NON-CURRENT)

	2013 $'000	2012 $'000
Capitalised borrowing costs	245	335
Other	194	-
	439	335

17 PAYABLES (CURRENT)

	2013 $'000	2012 $'000
Trade creditors	137,225	136,513
Unearned income	5,031	313
Other	224	966
	142,480	137,792

18 PROVISIONS (CURRENT)

	Consolidated 2013 $'000	Consolidated 2012 $'000
Employee entitlements	12,977	16,650
Restructuring	3,047	2,504
Onerous contracts	27,888	22,496
Deferred settlement	85	-
Other	151	1,391
	44,148	43,041

Movements in each class of provision during the financial year, other than employee entitlements are set out below:

Consolidated – 2013 Current	Deferred settlement $'000 [(a)]	Onerous Contracts $'000 [(c)]	Restructuring $'000 [(b)]	Other $'000	Total $'000
Carrying amount at beginning of year	-	22,496	2,504	1,391	26,391
Additional provisions recognised	85	5,391	10,255	-	15,731
Transfer from Non-Current Provision	-	25,066	-	-	25,066
Utilisation of provision	-	(28,449)	-	(643)	(29,092)
Unwinding of discount	-	3,384	-	-	3,384
Payments	-	-	(9,712)	(597)	(10,309)
Carrying amount at end of year	85	27,888	3,047	151	31,171

a. Deferred settlement provision relates to the contractual obligation for an outdoor advertising site and future consideration on acquisitions.

b. Additional provisions recognised include non-recurring charges consisting of staff redundancy costs for Television. These non-recurring charges were recognised as restructuring costs in the statement of comprehensive income.

c. An onerous contract is a contract in which the unavoidable costs of meeting obligations under the contract exceed the economic benefits expected to be received under it. Additional provisions were recognised as non-recurring charges in the statement of comprehensive income.

19 PAYABLES (NON-CURRENT)

	Consolidated 2013 $'000	Consolidated 2012 $'000
Trade creditors	43,832	17,791

20 BORROWINGS (CURRENT AND NON-CURRENT)

	Consolidated 2013 $'000	2012 $'000
Current		
AUD senior unsecured notes	150,000	-
USD senior unsecured notes	-	123,261
Non-current		
AUD senior unsecured notes	-	150,000
	-	150,000

(a) USD Senior Unsecured Notes

In 2003, The Ten Group Pty Limited raised funds through USD $125m Senior Unsecured Notes in the US Private Placement market. The notes were fully swapped by the use of foreign currency and interest rate swaps into an AUD floating exposure of $210.1m. These notes were repaid on 25 February 2013. In 2012, the AUD exposure was offset by a $89.0m retranslation as required under *AASB 121 The Effects of Changes in Foreign Exchange Rates*, and ($2.4)m fair value hedge adjustment under *AASB 139 Financial Instruments: Recognition and Measurement.* The net carrying amount at 31 August 2012 was $123.3m.

(b) Bank Loan

During the year ended 31 August 2013, the consolidated entity refinanced the $350m revolving cash advance facility with a $80m revolving cash advance facility. It was signed on 22 February 2013 and will expire in November 2015. The undrawn facility as at 31 August 2013 is disclosed in Note 2(c). Refer also to Note 3 for information on the proposed Refinancing Package.

(c) AUD Senior Unsecured Notes

In December 2005, The Ten Group Pty Limited raised funds through AUD $150m Senior Unsecured Notes.

This amount is not required to be repaid to noteholders until maturity in December 2015. However, it is anticipated that the facility will be repaid during 2014, pending shareholder approval of the Refinancing Package (Refer to Note 3). As a result, these Notes have been classified as Current Borrowings.

(d) Risk Exposures

Details of the consolidated entity's exposure to risks arising from Current and Non-current Borrowings are set out in Note 2.

The carrying amounts and fair values of borrowings at the end of the reporting period are the same.

21 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES HELD AT FAIR VALUE

	Consolidated 2013 $'000	Consolidated 2012 $'000
Current Liabilities		
Cross-currency interest rate and Interest rate swaps	-	(91,206)
Non-Current Liabilities		
Cross-currency interest rate and Interest rate swaps	(6,676)	(6,042)
	(6,676)	(97,248)

(a) Instruments used by the consolidated entity

The consolidated entity is party to derivative financial instruments in the normal course of the business in order to hedge exposure to fluctuations in interest and foreign exchange rates (refer to Note 2 Financial Risk Management policies).

(i) Cross currency interest rate swap (CCIRS)

In 2003, The Ten Group Pty Limited, a controlled entity, raised funds through USD $125m Senior Unsecured Notes (due March 2013) in the US Private Placement market. This was fully swapped by the use of foreign currency and interest rate swaps into an AUD floating exposure of $210.084m. This amount was repaid in full in February 2013.

This debt was hedged by a combination of fair value and cash flow hedges. Interest rate swaps have been designated to this debt as cash flow hedges (see (ii) below). For the periods of time where interest rate swaps have not been designated, the debt is in a fair value hedge relationship where changes in the fair value of the debt are effectively offset by changes in the mark-to-market of the CCIRS.

As at balance date, the hedges in relation to the USD Senior Unsecured Notes have a net fair value of $nil liability (2012: $87.1m all current). The majority of this liability was offset in 2012 by a $86.8m revaluation of debt to fair value, the remainder being in an equity reserve representing the movement in the fair value of effective hedges. A loss of $69k (2012: $257k gain) was recognised in relation to the ineffective portion.

(ii) Interest rate swap contracts

The bank loan and unsecured notes of the consolidated entity bear a weighted average variable interest rate of approximately 4.3% (2012: 5.9%). It is policy to protect part of these loans from exposure to increasing interest rates. Accordingly, the consolidated entity has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 66.7% (2012: 59.7%) of loan principal outstanding. The fixed interest rates range between 4.37% and 6.93% (2012: 4.37% and 7.64%) and the variable rates are at 90-day BBSW, which at balance date was 2.59% (2012: 3.64%).

In the prior year, The Ten Group Pty Limited had further entered into interest rate swap contracts which were economic hedges but did not satisfy the requirements for hedge accounting. These contracts were subject to the same risk management policies as all other derivative contracts, see Note 2 for details. However, they were accounted for as financial liabilities measured at fair value through the statement of comprehensive income. These interest rate contracts were designated to underlying debt in the current year.

21 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES HELD AT FAIR VALUE (CONTINUED)

(ii) Interest rate swap contracts (continued)

At 31 August 2013, the notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	2013 $'000	**2012 $'000**
Less than 1 year	-	115,000
1 – 2 years	30,000	-
2 – 3 years	20,000	30,000
3 – 4 years	15,000	20,000
4 – 5 years	20,000	15,000
More than 5 years	15,000	35,000
	100,000	215,000

The contracts require settlement of net interest receivable or payable each 90 days.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into profit and loss when the hedged interest expense is recognised. The ineffective portion, if any, is recognised in the statement of comprehensive income immediately. In the year ended 31 August 2013 a gain of $311k (2012: $159k gain) was transferred to the statement of comprehensive income. A loss of $68k (2012: $257k gain) was from cash flow hedges of the USD Private Placement in (i) above. A gain of $379k (2012: $70k loss) was recognised from cash flow hedges of floating rate debt. The amount released from the cashflow hedge reserve during the period was $4.9m (2012: $3.1m).

The hedges relating to the USD Senior Unsecured Notes are discussed in (i) above. Remaining cash flow hedges relate to floating rate debt and have a fair value of ($6.7m) (2012: $10.1m), recognised as hedge liabilities.

(b) Risk exposures and fair value measurements

Information about the consolidated entity's and the Company's exposure to credit risk, foreign exchange and interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial assets mentioned above.

22 PROVISIONS (NON-CURRENT)

	Consolidated 2013 $'000	Consolidated 2012 $'000
Employee entitlements	1,867	2,008
Make good provisions	3,702	3,348
Onerous contracts	30,380	40,656
	35,949	46,012

Movements in each class of provision during the financial year, other than employee entitlements are set out below:

Consolidated – 2013 Non-current	**Make Good $'000**	**Onerous Contracts $'000 (d)**	**Total $'000**
Carrying amount at beginning of year	3,348	40,656	44,004
Additional provisions recognised	-	14,790	14,790
Transfer to Current Provision	-	(25,066)	(25,066)
Unwinding of discount	170	-	170
Foreign exchange difference	184	-	184
Carrying amount at end of year	3,702	30,380	34,082

d. An onerous contract is a contract in which the unavoidable costs of meeting obligations under the contract exceed the economic benefits expected to be received under it. Additional provisions were recognised as non-recurring charges in the statement of comprehensive income.

23 CONTRIBUTED EQUITY

	Notes	Consolidated 2013 $'000	Consolidated 2012 $'000
(a) Share capital			
2,586,970,845 ordinary shares fully paid (2012: 1,437,204,873)	(c)	2,781,647	2,556,683
(b) Other equity securities			
Treasury shares			
460,041 (2012: 950,621) ordinary shares fully paid	(d)	(544)	(1,156)
		2,781,103	2,555,527

(c) The movements in ordinary share capital during the past year is detailed below

Date	Details	Number of Shares	Issue Price	$'000
31.08.12	Balance 31 August 2012	1,437,204,873		2,556,683
18.12.12	Capital Raising – Institutional Offer	875,123,898	$0.20	175,025
29.01.13	Capital Raising – Retail Offer	274,642,074	$0.20	54,928
28.02.13	Equity Raising Costs			(7,127)
28.02.13	Deferred tax benefit recognised directly into equity			2,138
31.08.13	**Balance 31 August 2013**	**2,586,970,845**		**2,781,647**
31.08.11	Balance 31 August 2011	1,045,236,720		2,359,511
19.06.12	Capital Raising – Institutional Offer	315,300,017	$0.51	160,803
10.07.12	Capital Raising – Retail Offer	76,668,136	$0.51	39,101
31.08.12	Equity Raising Costs			(3,903)
31.08.12	Deferred tax benefit recognised directly into equity			1,171
31.08.12	**Balance 31 August 2012**	**1,437,204,873**		**2,556,683**

(d) On 6 December 2012, the Company announced an underwritten 4-for-5 accelerated non-renounceable entitlement offer of new shares at an offer price of $0.20 per share. This offer comprised an institutional and retail component. On 18 December 2012, the institutional component was completed, which involved the placement of 875.1 million shares with gross proceeds of $175.0m. The retail component was completed on 29 January 2013 which involved the placement of 274.6 million shares with gross proceeds of $54.9m.

The gross proceeds of $230.0m were offset by ancillary costs to the raising and the net of these amounts has been recognised in contributed equity. Most of the funds were used to repay the USD $125m Private Placement loan (swapped into A$210m) on 25 February 2013. The balance was used to fund further restructuring costs and as working capital for general purposes.

23 CONTRIBUTED EQUITY (continued)

(e) Treasury Shares

Treasury shares are shares in the Company that are yet to vest to employees under the Ten Deferred Incentive Plan.

Date	Details	Number of Shares	$'000
31.08.12	Balance 31 August 2012	950,622	1,156
1.09.12	Employee Share Scheme Vesting	(177,463)	(205)
25.10.12	Employee Share Scheme Vesting	(166,187)	(269)
19.12.12	Employee Share Scheme Vesting	(146,931)	(138)
31.08.13	**Balance 31 August 2013**	**460,041**	**544**
31.08.11	Balance 31 August 2011	2,231,195	2,963
01.09.11	Employee Share Scheme Vesting	(375,464)	(434)
25.10.11	Employee Share Scheme Vesting	(425,080)	(686)
31.10.11	Acquisition of Shares	603,712	566
18.12.11	Employee Share Scheme Vesting	(659,661)	(712)
19.12.11	Employee Share Scheme Vesting	(162,919)	(153)
23.12.11	Sale of Shares	(75,464)	(110)
13.02.12	Sale of Shares	(67,528)	(98)
21.02.12	Sale of Shares	(31,535)	(46)
23.02.12	Sale of Shares	(86,634)	(134)
31.08.12	**Balance 31 August 2012**	**950,622**	**1,156**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

(f) Capital risk management

The consolidated entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity does not have a target debt/equity ratio, but has a policy of maintaining a flexible financing structure so as to be able to take advantage of any new investment opportunities or initiatives that may arise.

There were no breaches of covenants in relation to debt facilities during the reporting period and to the date of this report.

The debt maturity profile of all debt is contained in Note 2(c).

24 RESERVES

	Consolidated 2013 $'000	Consolidated 2012 $'000
Foreign currency translation	21,564	14,845
Hedging reserve	(4,273)	(6,923)
Share-based payment reserve	1,483	2,101
Equity Reserve	1,840	1,840
Conversion reserve	(1,217,645)	(1,217,645)
	(1,197,031)	(1,205,782)
Movements during the year		
Foreign currency translation		
Balance at beginning of year	14,845	15,205
Net translation adjustment	6,719	(360)
Balance at end of year	21,564	14,845
Hedging reserve		
Balance at beginning of year	(6,923)	(6,175)
Revaluation	2,650	(748)
Balance at end of year	(4,273)	(6,923)
Share-based payment reserve		
Balance at beginning of year	2,101	3,410
Issue of shares to employees	(618)	(1,986)
Sale of shares	-	(388)
Employee share plan expense	-	1,065
Balance at end of year	1,483	2,101
Equity Reserve		
Transaction with non-controlling interest	1,840	1,840
Conversion reserve		
Balance at beginning of year	(1,217,645)	(1,217,645)
Balance at end of year	(1,217,645)	(1,217,645)

24 RESERVES (continued)

Nature and purpose of reserves

Foreign currency translation

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in accounting policy Note 1(s). The reserve is recognised in profit and loss when the net investment is disposed of.

Hedging reserve

The hedging reserve is used to record gains or losses on hedging instruments in a cash flow hedge that are recognised directly in equity, as described in accounting policy Note 1(v). Amounts are recognised in profit and loss when the associated hedge transaction affects profit and loss.

Share-based payment reserve

The share-based payment reserve recognises the fair value of shares vesting to employees and the expense pattern of shares which have yet to vest, as described in accounting policy Note 1(n).

Equity reserve

This represents the fair value consideration received from CBS for their 33.3% ownership in the ElevenCo Pty Limited joint venture.

Conversion reserve

At August 2007, the Canwest group of companies exchanged convertible debentures and shares previously issued by The Ten Group Pty Limited into new shares in the Company.

The value of the shares exchanged and the resulting increase in the Company's investment in The Ten Group Pty Limited were both recorded at the prevailing market value ($2.62 per share). On elimination of the investment in The Ten Group Pty Limited, the $1.3b premium of market value ($2.62) over cost value ($0.10) of the shares in The Ten Group Pty Limited has been reflected as a debit in a conversion reserve. To offset this debit, there is a further $0.1b credit to remove the Canwest minority interest in the balance sheet at the time of conversion.

25 ACCUMULATED LOSSES

	Consolidated 2013 $'000	Consolidated 2012 $'000
Accumulated losses at beginning of year	(416,571)	(345,349)
(Loss)/ Profit for the year	(278,122)	(4,200)
(Loss)/ Profit attributable to non-controlling interests	(6,871)	(8,671)
Dividends paid (Note 38)	-	(58,351)
Accumulated losses at end of year	(701,564)	(416,571)

26 CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

	Ordinary Share Consolidated Entity Interest	
	2013 %	2012 %
Parent entity		
Ten Network Holdings Limited(i)		
Controlled entities		
The Ten Group Pty Limited (i)	100.0	100.0
Network Ten Pty Limited (i)	100.0	100.0
Network Ten (Sydney) Pty Limited (i)	100.0	100.0
Network Ten (Melbourne) Pty Limited (i)	100.0	100.0
Network Ten (Brisbane) Pty Limited (i)	100.0	100.0
Television & Telecasters (Properties) Pty Limited (i)	100.0	100.0
Caprice Pty Limited (i)	100.0	100.0
Network Ten (Adelaide) Pty Limited (i)	100.0	100.0
Benson 2 Pty Limited (iv)	-	100.0
Winter Wayz Pty Limited (iv)	-	100.0
ElevenCo Pty Limited	66.7	66.7
Chartreuse Pty Limited (i)	100.0	100.0
Network Ten (Perth) Pty Limited (i)	100.0	100.0
Ten Ventures Pty Limited	100.0	100.0
Ten Online Pty Limited	100.0	100.0
Ten Employee Share Plans Pty Limited	100.0	100.0
Eye Corp Pty Limited (v)	-	100.0
Eye Corp Australia Pty Limited (v)	-	100.0
Eye Drive Sydney Pty Limited (v)	-	100.0
Olympic Murals 2000 Pty Limited (v)	-	100.0
Eye Fly Sydney Pty Limited (v)	-	100.0
Eye Mall Media Pty Limited (v)	-	100.0
Eye Corp Media Pty Limited (v)	-	100.0
Eye Corp Holdings Pty Limited (iii)(v)	-	100.0
Eye Shop Pty Limited (v)	-	100.0
Eye Drive Melbourne Pty Limited (v)	-	100.0
Eye Outdoor Pty Limited (v)	-	100.0
Outdoor Plus Pty Limited (v)	-	100.0
Eye Study Pty Limited (v)	-	100.0
PT Netra Estha Muda (v)	-	95.0
Eye Corp New Zealand Limited (v)	-	100.0
Eye Shop New Zealand Limited (v)	-	100.0
Eye Study New Zealand Limited (v)	-	100.0
Eye Corp (USA) Inc	100.0	100.0
Eye Corp (NY) LLC	100.0	100.0
Eye Mall Media (USA) LLC	100.0	100.0
Foxmark Media LLC	100.0	100.0

26 CONTROLLED ENTITIES (continued)

	Ordinary Share Consolidated Entity Interest 2013 %	Ordinary Share Consolidated Entity Interest 2012 %
Controlled entities (continued)		
Eye Corp (UK) Limited (vi)	-	100.0
Airport Advertising (UK) Limited (vi)	-	100.0
Eye Corp Asia Pte Limited (v)	-	100.0
Eye Corp Pte Limited (v)	-	100.0

All the above controlled entities are incorporated in Australia, except for the following:
- PT Netra Estha Muda (incorporated in Indonesia);
- Eye Corp New Zealand Limited (incorporated in New Zealand on 31 August 2004);
- Eye Shop New Zealand Limited (incorporated in New Zealand on 7 December 2000);
- Eye Study New Zealand Limited (incorporated in New Zealand on 5 February 2003);
- Eye Corp (USA) Inc (incorporated in USA on 3 January 2006);
- Eye Corp (NY) LLC (incorporated in USA on 28 March 2006);
- Eye Mall Media (USA) LLC (incorporated in USA on 27 January 2006);
- Foxmark Media LLC (incorporated in USA on 30 July 1997);
- Eye Corp (UK) Limited (incorporated in UK on 28 October 2005);
- Airport Advertising (UK) Limited (incorporated in UK on 1 November 2005);
- Eye Corp Asia Pte Limited (incorporated in Singapore on 2 September 2005);
- Eye Corp Pte Limited (incorporated in Singapore on 2 September 2005); and

(i) These subsidiaries have been granted relief from the necessity to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC') pursuant to the Ten Network Holdings Limited Deed of Cross Guarantee. For more information refer to Note 37.
(ii) Eye Corp Pty Limited owned 100% of the beneficial ownership interest in PT Netra Estha Muda
(iii) Adval Holdings Pty Limited changed its name to Eye Corp Holdings Pty Limited on 1 November 2010.
(iv) De-registered 13 October 2012.
(v) Sold effective 21 November 2012.
(vi) Sold effective 22 February 2013.

27 INTERESTS IN JOINT VENTURES

	Consolidated 2013 $'000	Consolidated 2012 $'000

Jointly controlled entity

During the year ended 31 August 2012, the Company acquired 17.9% of the share capital of zeebox Australia Pty Ltd. In return, media contra was provided to zeebox Australia Pty Ltd during the year.

During the year ended 31 August 2011, the Company entered into a 50% joint venture for OurDeal Pty Limited. There are no material related party transactions for OurDeal Pty Limited.

	2013 $'000	2012 $'000
Share of Joint Venture's assets and liabilities		
Current assets	2,045	797
Non-current assets	1,691	179
Total assets	3,736	976
Current liabilities	2,951	1,995
Non-current liabilities	200	-
Total liabilities	3,151	1,995
Net Assets/ (Liabilities)	585	(1,019)
Share of Joint Venture's revenue, expenses and results		
Revenues	4,363	1,498
Expenses	(5,354)	(7,457)
EBITDA	(991)	(5,959)
Depreciation and Interest	(782)	(74)
(Loss) before tax	(1,773)	(6,033)
Tax revenue	-	861
(Loss) after tax	(1,773)	(5,172)
(Loss) from joint venture where equity method suspended	299	-
(Loss) after tax	(1,474)	(5,172)
Share of Joint Venture's capital commitments	-	-

There were no contingencies in respect of joint ventures at the end of the financial year.

28 EARNINGS PER SHARE

	Consolidated 2013 Cents	Consolidated 2012 Cents
Basic earnings per share	**(12.88)**	**(1.15)**
- From continuing operations	(12.69)	(0.32)
- From discontinued operations	(0.19)	(0.83)
Diluted earnings per share^	**(12.88)**	**(1.15)**
- From continuing operations	(12.69)	(0.32)
- From discontinued operations	(0.19)	(0.83)

^: The number of shares used in calculating Diluted EPS excludes the potential impact of treasury shares (which represent awards to certain senior executives under the Ten Deferred Incentive Plan and are disclosed as an offset to contributed equity in the balance sheet). Performance rights are not considered to be dilutive based on the assumption that associated shares will be purchased on-market.

	Consolidated 2013 Number	Consolidated 2012 Number
Weighted Average Number of Shares Used as a Denominator		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	2,212,013,426	1,117,463,967
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	2,212,013,426	1,117,463,967

Reconciliations of Earnings Used in Calculating Earnings Per Share

Basic and Diluted Earnings per Share

	Consolidated 2013 $'000	Consolidated 2012 $'000
(Loss)/Profit from continuing operations	(274,023)	5,033
Profit from continuing operations attributable to non-controlling interest	6,871	8,671
Loss attributable to the ordinary equity holders of the consolidated entity used in calculating basic and diluted earnings per share	(280,894)	(3,638)

Weighted average Number of Shares used as the denominator

Treasury shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 31 August 2013. These shares could potentially dilute earnings per share in the future.

	Consolidated 2013 Number	Consolidated 2012 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,212,013,426	1,117,463,967
Adjustments for calculation of diluted earnings per share:		
Treasury Shares	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	2,212,013,426	1,117,463,967

29 KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel compensation

	Consolidated 2013 $	Consolidated 2012 $
Short-term employee benefits	6,062,175	8,272,086
Termination benefits	1,148,234	-
Post-employment benefits	177,304	196,710
Share-based payments	-	845,549
	7,387,713	9,314,345

Detailed remuneration disclosures are provided in the remuneration report on pages 13 to 26.

Share Holdings of Key management personnel

The number of ordinary shares in the Company held during the financial year by key management personnel of the consolidated entity for the year ended 31 August 2013, including their personally-related entities, are set out below.

2013 Name	Balance at the Start of the Year	Received During the Year on the Exercise of Options	Received During the Year as Remuneration	Other Changes During the Year	Balance at the End of the Year
Directors of Ten Network Holdings Limited					
LK Murdoch [E]	256,911,754	-	-	205,529,404	462,441,158
BJ Long	96,250	-	-	437,000	533,250
JJ Cowin	1,375,000	-	-	1,100,000	2,475,000
PV Gleeson	23,713,770	-	-	18,931,015	42,644,785
CW Holgate	38,844	-	-	31,076	69,920
DL Gordon	137,500	-	-	110,000	247,500
DD Hawkins	75,000	-	-	60,000	135,000
PR Mallam	6,875	-	-	5,500	12,375
GH Rinehart	143,720,049	-	-	112,676,862	256,396,911
HR McLennan [A]	-	-	-	3,130,000	3,130,000
SL McKenna	-	-	-	-	-
JR Warburton [B]	-	-	-	-	-
Other Key Management Personnel of the consolidated entity					
P Anderson	304,544	-	-	243,636	548,180
B McGarvey	378,672	-	-	-	378,672
J Marquard [C]	55,000	-	-	44,000	99,000
G Thorley [D]	53,024	-	-	490	53,514

[A] Mr H McLennan was appointed as Managing Director effective 8 April 2013.
[B] Ceased to be Key Management Personnel on 21 February 2013.
[C] Ceased to be Key Management Personnel on 31 August 2013.
[D] Ceased to be Key Management Personnel on 1 November 2012.
[E] Mr LK Murdoch holds a relevant interest in 231,220,529 ordinary shares which are registered in the name of Aidem Holdings Pty Limited by virtue of an agreement entered into between the parties under which they propose to act in concert in relation to the exercise of votes attaching to their shares and to agree customary pre-emptive rights.

29 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Share Holdings of Key management personnel (continued)

2012 Name	Balance at the Start of the Year	Received During the Year on the Exercise of Options	Received During the Year as Remuneration	Other Changes During the Year	Balance at the End of the Year
Directors of Ten Network Holdings Limited					
LK Murdoch	186,844,912	-	-	70,066,842	256,911,754
BJ Long	70,000	-	-	26,250	96,250
JJ Cowin	1,000,000	-	-	375,000	1,375,000
PV Gleeson	17,135,133	-	-	6,578,637	23,713,770
CW Holgate	-	-	-	38,844	38,844
DL Gordon	100,000	-	-	37,500	137,500
DD Hawkins	20,000	-	-	55,000	75,000
PR Mallam	5,000	-	-	1,875	6,875
GH Rinehart	104,523,672	-	-	39,196,377	143,720,049
JR Warburton	-	-	-	-	-
SL McKenna	-	-	-	-	-
Other Key Management Personnel of the consolidated entity					
D Mott [E]	242,990	-	-	(147,759)	95,231
K Kingston [F]	382,588	-	-	-	382,588
G Thorley	52,857	-	-	167	53,024
P Anderson	304,544	-	-	-	304,544
J Marquard	-	-	-	55,000	55,000
S Partington [G]	494,895	-	-	7,789	502,684

[E] Ceased to be a Key Management personnel on 24 August 2012.
[F] Ceased to be a Key Management personnel on 30 April 2012.
[G] Ceased to be a Key Management personnel on 21 November 2011.

29 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Loans to Directors and Other Key Management Personnel

No loans were made during the financial year or previous financial year, to Directors of the Company or to other Key Management Personnel of the consolidated entity, including their personally related entities.

Other Transactions with Directors and Other Key Management Personnel

Entity's name	Director	Period of Transactions

During the financial year, the entities listed below entered into agreements in respect of the purchase of television airtime (through an advertising agency) on normal commercial terms and conditions.

Competitive Foods Australia Limited	Mr JJ Cowin	For the years ended 31 August 2013 and 2012
Blackmores Limited	Mrs CW Holgate	For the years ended 31 August 2013 and 2012
News Limited	Mr LK Murdoch	For the years ended 31 August 2013 and 2012
DMG Radio Australia Pty Ltd	Mr LK Murdoch	For the years ended 31 August 2013 and 2012
	Ms S McKenna	For the years ended 31 August 2013 and 2012
Shine Limited	Mr LK Murdoch	For the years ended 31 August 2013 and 2012
Fox	Mr LK Murdoch	For the years ended 31 August 2013 and 2012
Skins Consolidated Pty Limited	Mr DD Hawkins	For the years ended 31 August 2013 and 2012
National Broadband Network	Ms S McKenna	For the years ended 30 August 2013

	2013 $	2012 $
Amounts recognised as revenue		
Sale of Television Airtime	21,976,235	30,322,671
Television Production Revenue	7,112,383	2,640,775
Sale of Out-of-Home Advertising space	-	1,711,022
	29,088,618	34,674,468
Outstanding receivable balances	4,499,870	530,759

29 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Entity's name	Director	Period of Transactions
During the financial year, the entities listed below entered into agreements in respect of the sale of program rights on normal commercial terms and conditions.		
Shine Limited	Mr LK Murdoch	For the years ended 31 August 2013 and 2012
News Corporation Limited (including Twentieth Century Fox)	Mr LK Murdoch	For the years ended 31 August 2013 and 2012
Fairfax Media Group Limited (Fairfax Radio Syndication Pty Limited)	Mr JJ Cowin	19 July to 31 August 2012

	2013 $	2012 $
Amounts recognised as an expense		
Program Rights	75,443,381	124,834,794
Other expenses	640,547	570,163
	76,083,928	125,404,957
Outstanding payable balances	151,920	27,983,064

29 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Entity's name	Director	Period of Transactions
During the financial year, a management fee was paid for professional services to Illyria Pty Limited.		
Illyria Pty Limited	Ms S McKenna	For the year ended 31 August 2013 and 2012
	Mr LK Murdoch	For the year ended 31 August 2012; 13 December 2010 to 31 August 2011

	2013 $	2012 $
Amounts recognised as an expense		
Directors Fee	102,490	-
Management fee [A]	-	2,100,000
Outstanding payable balances	23,441	-

[A] $1,300,000 related to the services of Mr LK Murdoch as Interim Chief Executive Officer. The remaining $800,000 relates to professional services provided to the Company by employees of Illyria Pty Limited in relation to the Operating and Strategic Review, Cost Reduction Program, and on-going operational support. Fees for employee services were based on the direct salary costs of those employees to Illyria Pty Limited.

Other Key Management Personnel of the Consolidated Entity

A director, Mr PR Mallam, a director and principal of Mallam Lawyers Pty Limited provided $990 (2012: $9,660) of legal services to the Company.

For the year ended 31 August 2012, a related entity of LK Murdoch was paid $502,373 for television hosting services. The related entity was contractually entitled to a significantly higher amount but voluntarily agreed to reduce it to this level. In addition, Stephen Partington was paid $2,400 for the provision of conveyancing services to the Company for the period he was a Key Management Personnel.

There were no other transactions with other Key Management Personnel in the current or prior financial year.

30 AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the consolidated group, its related practices and non-related audit firms:

	Consolidated 2013 $	Consolidated 2012 $
(a) PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	429,158	480,500
Other audit related services	308,950	257,374
Taxation Services		
Tax compliance services	187,773	162,750
Other tax services	118,306	140,022
Other services		
Advisory services	399,058	72,125
Total remuneration of PricewaterhouseCoopers Australia	1,443,245	1,112,771
(b) Related practices of PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports	27,804	46,947
Other audit related services	1,300	8,387
Other services		
Taxation services	-	83,412
Total remuneration of related practices of PricewaterhouseCoopers Australia	29,104	138,746
Total auditors' remuneration	**1,472,349**	**1,251,517**

	Consolidated 2013 $'000	Consolidated 2012 $'000

31 COMMITMENTS

(a) Capital expenditure commitments

	2013 $'000	2012 $'000
Amounts contracted but not provided for:		
Within one year	10,783	6,897
Later than one year and not later than five years	-	-
	10,783	6,897

(b) Program expenditure commitments

	2013 $'000	2012 $'000
Amounts contracted but not provided for:		
Within one year	142,787	168,384
Later than one year and not later than five years	514,145	630,226
Later than five years	276,747	392,759
	933,679	1,191,369

(c) Non-cancellable operating lease commitments

The consolidated entity leases various offices and plant and equipment under non-cancellable operating leases expiring within one to fifteen years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	2013 $'000	2012 $'000
Minimum lease payments contracted but not provided for:		
No later than one year	40,422	115,680
Later than one year and not later than five years	87,424	301,939
Later than five years	39,442	85,846
	167,288	503,465

Not included in the above commitments are contingent rental payments which may arise in the event that revenue from certain leased assets exceed a pre-determined threshold. The contingent rent payable varies from asset to asset.

(d) Superannuation

The consolidated entity contributes superannuation benefits to numerous, but solely accumulation-type superannuation funds including personal, award based and the Network Ten Australia Superannuation Plan (administered by Mercer Master Trust) at various percentages of salary pursuant to employee contracts and statutory obligations.

32 SHARE-BASED PAYMENTS

The Ten Employee Award Plan

This plan was established as a reward and incentive plan for employees of The Ten Group Pty Limited and its controlled entities. A controlled entity contributed $1,000 per eligible employee in each of calendar years 1998, 2003, 2004 and 2005 for the on-market purchase of shares in the Company. Although the shares are registered in the name of each employee, these shares were restricted from being traded for a period of three years from the date of grant, except for the termination of the employee or in hardship circumstances. The plan is also designed to accommodate further contributions by The Ten Group Pty Limited and its controlled entities, however there is no commitment by the Company to make future contributions.

The Ten Employee Savings Plan

The Ten Employee Savings Plan was established as a mechanism for employees of the Company and its controlled entities for the purchase of shares in the Company. Employees may set aside amounts from their remuneration and reward arrangements for the on-market purchase of such shares.

The Long Term Incentive Plan (Performance Rights)

The LTIP is provided to a limited number of executives and provides for awards of performance rights. These rights are subject to the following performance hurdles:

1. A relative Total Shareholder Returns (TSR) hurdle applies to 50% of the performance rights awarded. TSR measures change in the price of shares, plus dividends notionally re-invested. TEN's TSR is measured against a comparator group of companies which make up the ASX 200 Consumer Discretionary Index as at the start of the performance period, on the basis that these companies are affected by similar business and economic factors as TEN. In order for any part of the TSR grant to vest, TEN's TSR must be at or above the 51st percentile of the TSR of the companies in the comparator group. A sliding scale applies to the vesting of rights subject to this performance hurdle, with 50% of the rights vesting at the 51st percentile and 100% of the rights vesting at the 75th percentile, and straight-line vesting in between these points.

2. An Earnings per Share (EPS) hurdle applies to the remaining 50% of the rights awarded. The EPS performance condition is determined by reference to the cumulative basic earnings per share for TEN aggregated over the performance period and measured against a specified EPS aggregate target. The EPS target is determined by applying a compound growth percentage to TEN's EPS performance in the base year. Of the performance rights subject to the EPS performance condition, 50% vests in the event that the aggregate EPS performance for TEN over the performance period is equivalent to 4% compound growth and a sliding scale will apply to aggregate performance up to a cumulative growth in TEN's EPS of 8% over the performance period, at which point 100% of the performance rights subject to this hurdle will vest. For the purposes of the grants made for the purposes of the 2011 financial year, earnings per share of 9.29 cents was used as the base. For the purposes of grants made for the 2012 financial year, earnings per share of 7.11 cents will be used as the base. No grants in FY13.

The performance hurdles are tested after three years from the date of grant. The LTIP allows for the hurdles to be re-tested once over an extended four year period (based on the performance from the date of grant) if the entire award has not vested at the end of the three year performance period. The Board considers that the opportunity for one re-test of the hurdles is required due to the fluctuations that may impact TEN's performance associated with regular large events such as the broadcasts of the *Olympic* and *Commonwealth Games*.

Rights which remain unvested after 4 years from the date of grant lapse immediately.

In the event the performance conditions are met, the LTIP performance rights will be automatically exercised and TEN shares allocated to participants. TEN will determine whether it will issue new TEN shares or acquire TEN shares on-market to satisfy the Rights.

The Ten Deferred Incentive Plan

A limited number of senior Executives are invited to participate in a deferred incentive share plan.

For participants a maximum "incentive amount" is determined at the Remuneration Committee's discretion. The incentive amount is payable with reference to certain profit and personal targets.

32 SHARE-BASED PAYMENTS (continued)

Shares equal to the incentive amount are bought on-market upfront and vest in four equal tranches over 3 years. The first tranche vests on or about the date of purchase in each year with the next 3 tranches of shares vesting on or about each successive anniversary of the first acquisition date.

Whilst employed by the Company the tranches of shares are subject to a trading lock until released on the applicable anniversary of the first acquisition date.

Further details of the deferred incentive share plan are set out in the Remuneration Report.

Set out below is a summary of shares and performance rights granted under Ten's employee share arrangements:

Grant Date	Share Price	Balance at start of the year Number	Granted during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested at end of the year Number
3 Nov 2006	$3.45	42,801	-	-	42,801	42,801
11 Dec 2006	$3.48	34,913	-	-	34,913	34,913
22 Dec 2006	$3.32	33,891	-	-	33,891	33,891
22 Dec 2006	$3.46	267,885	-	-	267,885	267,885
19 Dec 2007	$2.95	699,211	-	-	699,211	699,211
12 Feb 2009	$1.08	4,848,929	-	-	4,848,929	4,848,929
29 Jun 2009	$1.16	1,318,871	-	-	1,318,871	1,318,871
10 Nov 2009	$1.50	499,197	-	-	499,197	499,197
25 Oct 2010	$1.62	1,149,892	-	-	1,149,892	983,705
31 Oct 2011	$0.94	603,712	-	-	603,712	309,850
Total		9,499,302	-	-	9,499,302	9,039,253

Grant Date	Value of Performance Rights	Balance at start of the year Number	Granted during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested at end of the year Number
13 Dec 2010	$0.80	665,283	-	-	665,283	-
13 Dec 2010	$1.28	665,283	-	-	665,283	-
18 Nov 2011	$0.49	1,362,222	-	-	1,362,222	-
18 Nov 2011	$0.75	1,362,222	-	-	1,362,222	-
Total		4,055,010	-	-	4,055,010	-

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	Consolidated 2013 $'000	2012 $'000
Deferred Incentive Plan - Employee share rights expense	147	394
Long Term Incentive Plan - Performance rights expense/(benefit)	(147)	671
	-	1,065

Fair Value of Shares
The fair value of shares is the price at which the shares were purchased.

32 SHARE-BASED PAYMENTS (continued)

Fair Value of Performance Rights
Each performance right was valued by Ernst & Young. The TSR (market conditions based) portion was valued using the Monte-Carlo simulation method. The EPS (non-market based) portion was valued using an analytic approach involving the Black Scholes formula.

33 RELATED PARTY INFORMATION

Parent Entity
The parent entity within the consolidated group is the Company.

Controlled Entities
Interests in controlled entities are set out in Note 26.

Key Management Personnel
Key Management Personnel disclosures relating to key management personnel are set out in Note 29.

34 CONTINGENT LIABILITIES

General

As part of its normal operations as a television broadcaster, the consolidated entity has received writs for defamation and various claims for damages. At balance date, the aggregate of all such claims will not give rise to any material liability.

The Company is subject to an action in the US. The Company does not admit any liability in respect of the claim. The Company has a strong defence and will vigorously defend this matter.

Details and estimates of other maximum amounts of contingent liabilities are as follows:

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Unsecured guarantees by the Company, and other entities in the consolidated group in respect of leases of controlled entities in the group [(i)]	230,696	271,259
	230,696	271,259

[(i)] The Company has back to back unsecured guarantees from third parties in relation to $98.0m (2012: Nil) of these guarantees.

No material losses are anticipated in respect of any of the above contingent liabilities.

Claims
Claims for damages are made against the consolidated entity from time to time in the ordinary course of business. The directors are not aware of any claim that is expected to result in material costs or damages.

35 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions. Two reportable segments have been identified. These are Television and Out-of-Home (Eye US operations). In 2012, the Out-of-Home segment was removed because it was classified as a discontinued operation. The 2012 comparative has been adjusted to reflect the remaining Out-of-Home segment as no longer being a discontinued operation. The Chief Executive Officer assesses the performance of the operating segments based on Adjusted EBITDA.

Inter-segment transactions
Segment revenues, expenses and results include transactions between segments. Such transactions are priced on an "arms length" basis and are eliminated on consolidation.

Geographical segments
The consolidated entity operates principally within Australia.

Segment information provided to the CEO

2013	Television $'000	Out-of-Home $'000	Eliminations/ Unallocated $'000	Consolidated $'000
Revenue				
Sales to external customers	630,063	23,830	-	653,893
Inter-segment sales	-	-	-	-
Total sales revenue	630,063	23,830	-	653,893
Other revenue	7,009	-	-	7,009
Total revenue	637,072	23,830	-	660,902
Segment Result				
Adjusted EBITDA *	46,147	(4,334)	-	41,813
Depreciation (Note 5)	(15,532)	(1,876)	-	(17,408)
Amortisation (Note 5)	-	(269)	-	(269)
Adjusted EBIT *	30,615	(6,479)	-	24,136
Non-recurring expense items	(306,532)	(29,710)	-	(336,242)
Finance costs (Note 5)				(22,308)
Interest revenue (Note 4)				5,751
Loss before tax				(328,663)
Income tax (expense)/ revenue				
Normal				(5,732)
Non-recurring tax items				60,372
Loss from continuing operations				(274,023)
Assets				
Segment assets	1,311,205	7,644	-	1,318,849
Liabilities				
Segment liabilities	407,503	25,533	-	433,036
Acquisitions of non-current assets	8,326	376	-	8,702

*: Before non-recurring items

35 SEGMENT INFORMATION (continued)

2012	Television $'000	Out-of-home $'000	Eliminations/ Unallocated $'000	Consolidated $'000
Revenue				
Sales to external customers	726,707	25,187	-	751,894
Inter-segment sales	277	-	(277)	-
Total sales revenue	726,984	25,187	(277)	751,894
Other revenue	2,253	-	-	2,253
Total revenue	729,237	25,187	(277)	754,147
Segment Result				
Adjusted EBITDA *	82,411	(515)	-	81,896
Depreciation (Note 5)	(18,414)	-	-	(18,414)
Adjusted EBIT *	63,997	(515)	-	63,482
Non-recurring expense items (Note 5)	(11,428)	-	-	(11,428)
Finance costs (Note 5)				(38,082)
Interest revenue (Note 4)				1,253
Profit before tax				15,225
Income tax (expense)/ revenue				
Normal				(11,267)
Non-recurring tax items				1,075
Profit from continuing operations				5,033
Assets				
Segment assets	1,503,229	18,606	9,090	1,530,925
Liabilities				
Segment liabilities	681,943	4,128	-	686,071
Acquisitions of non-current assets	15,858	-	-	15,858

*: Before non-recurring items

36 NOTES TO THE STATEMENTS OF CASH FLOWS

Reconciliation of profit after income tax to net cash flows from operating activities

	Consolidated 2013 $'000	Consolidated 2012 $'000
Loss after income tax	(278,122)	(4,200)
Non-cash expenses	51,425	48,931
Loss on sale of other non-current assets	243	58
Loss on sale of investments	5,091	-
Impairment of intangible assets	292,122	-
Net decrease in provisions	(7,938)	(28,326)
Net decrease in tax provisions	(54,929)	(20,345)
Net (decrease)/increase in accrued revenue and expense items in (receivables)/payables	(62,107)	45,672
Net cash flows from operating activities	(54,215)	41,790

37 DEED OF CROSS GUARANTEE

a) TEN NETWORK HOLDINGS LIMITED DEED OF CROSS GUARANTEE

Ten Network Holdings Limited and a number of controlled entities identified in Note 26 are party to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the deed, these wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the ASIC.

The companies noted represent a 'Closed Group' for the purposes of the Class Order.

	2013 $'000	2012 $'000
Revenue from ordinary activities	626,370	723,932
Television costs	(651,649)	(664,690)
Corporate costs	(1,574)	(1,602)
Finance costs	(15,136)	(34,106)
Impairment of intangible assets	(292,122)	-
Net (Loss)/Profit before income tax	(334,111)	23,534
Income tax benefit/(expense)	56,051	(12,311)
Net (Loss)/Profit after income tax	(278,060)	11,223
Profit attributable to non-controlling interests	6,871	8,617
(Loss)/Profit for the year	(284,931)	2,606
(Loss)/Profit for the year	(284,931)	2,606
Other comprehensive income		
AASB 139 hedge reserve	2,650	(748)
Total comprehensive income after income tax	(282,281)	1,858
Retained profits at the beginning of year	(286,082)	(202,818)
Adjustment to opening retained profits	(5,595)	(27,519)
Dividends provided or paid	-	(58,351)
AASB 139 hedge reserve	(2,650)	748
Retained earnings at the end of year	(576,608)	(286,082)

37 DEED OF CROSS GUARANTEE (continued)

	2013 $'000	2012 $'000
Balance Sheet		
Cash assets	120,520	93,297
Receivables	124,928	110,985
Inventories	168,233	149,021
Current tax assets	26,628	7,521
Other	15,933	3,190
Total current assets	456,242	364,014
Receivables	31,131	35,486
Inventories	30,773	3,203
Other financial assets	6,305	164,327
Property, plant and equipment	54,226	62,054
Intangibles	785,701	1,077,822
Other	245	334
Total non-current assets	908,381	1,343,226
Total assets	1,364,623	1,707,240
Payables	136,311	135,224
Derivative financial instruments	-	91,206
Borrowings	150,000	123,261
Provisions	31,550	35,690
Total current liabilities	317,861	385,381
Borrowings	-	150,000
Derivative financial instruments	6,676	4,274
Financial liabilities at fair value	-	1,768
Deferred tax liabilities	39,722	78,018
Provisions	11,794	28,141
Total non-current liabilities	58,192	262,201
Total liabilities	376,053	647,582
Net assets	988,570	1,059,658
Contributed equity	2,361,057	2,136,092
Reserves	(799,184)	(802,444)
Retained earnings	(576,608)	(286,082)
Non-controlling interest	3,305	12,092
Total Equity	988,570	1,059,658

38 DIVIDENDS

Dividends proposed or paid by the Company are:

	Cents per share	Total amount $'000	Date of Payment	Tax rate for franking credit	Percentage franked
2013					
November dividend paid	Nil				
June dividend paid	Nil	-	-	-	-
2012					
November dividend paid					
Ordinary Dividend	5.25	54,875	30 November 2011	30%	100%
June dividend paid	Nil	-	-	-	-

A dividend of $8.6m was paid to CBS Studios Inc. on 10 December 2012, which represents their share of ElevenCo Pty Limited's 2012 net profit. A dividend of $3.6m was paid to CBS Studios Inc. on 15 June 2013, which represents their share of ElevenCo Pty Limited half year 2013 net profit.

	The Company	
	2013	**2012**
	$'000	**$'000**
Dividend franking account		
Franking credits (30%) available for the subsequent financial year	13,562	10,884

The above amounts represent the balances of the franking accounts as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision of income tax;

(b) franking debits that will arise from the payment of dividends proposed or provided as at the reporting date; and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at reporting date.

39 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

	Company	
	2013	**2012**
	$'000	**$'000**
Balance sheet		
Current assets	31,027	19,315
Total assets (i)	1,068,459	1,430,102
Current liabilities	32,411	18,763
Total liabilities	32,411	18,763
Shareholders equity		
Issued capital	2,782,386	2,557,422
Accumulated Losses	(1,746,338)	(1,146,083)
	1,036,048	1,411,339
(Loss) for the year (i)	(600,255)	(409,202)
Total comprehensive (loss)	(600,255)	(409,202)

(i) Included in the loss for the year is an impairment write down of $599m (2012: $464m) of the Company's investment in the Ten Group Pty Limited to its recoverable amount. Recoverable amount is measured using a value-in-use calculation with a pre-tax discount rate of 13.6% (2012 14.3%). The write down relates to a reduction of the fair value of the Out-of-Home net assets, the additional capital raised during the year and a reduction of the cashflows relating to the Television business.

(b) Guarantees entered into by the parent entity and Contingent liabilities of the parent entity

The Company has provided guarantees in respect of leases of controlled entities for the year ended 31 August 2013 and 31 August 2012. The maximum payments under these guarantees are $187.5m as at 31 August 2013 (2012: $210.5m).

In addition, the Company has given a cross guarantee as described in Note 37.

(c) Contractual commitments for the acquisition of property, plant or equipment.

As at 31 August 2013, the Company had no contractual commitments for the acquisition of property, plant or equipment (2012: Nil).

40 SUBSEQUENT EVENTS

Subsequent to year end the Company has entered into a new refinancing package, that if approved by shareholders at the Annual General Meeting, will provide access to necessary funds for investment in key programming initiatives. Please refer to Note 3 for further detail.

Other than the above, no matters or circumstances have arisen since balance date that have significantly affected or may significantly affect:

- the operations in financial years subsequent to 31 August 2013 of the consolidated entity; or
- the results of those operations; or the state of affairs in financial years subsequent to 31 August 2013 of the consolidated entity.

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION
31 AUGUST 2012

In the directors' opinion:

a) the financial statements and notes set out on pages 45 to 113 are in accordance with the Corporations Act 2001, including:
   i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   ii. giving a true and fair view of the consolidated entity's financial position as at 31 August 2013 and of its performance for the financial year ended on that date; and

b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and

c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 37 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 37.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the IASB.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

SIGNED at Sydney on 17 October 2013 in accordance with a resolution of the Directors.

LK Murdoch
Chairman

Sydney
17 October 2013

HR McLennan
Chief Executive Officer

Sydney
17 October 2013

Independent auditor's report to the members of Ten Network Holdings Limited

Report on the financial report

We have audited the accompanying financial report of Ten Network Holdings Limited (the Company), which comprises the balance sheet as at 31 August 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Ten Network Holdings Limited (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO Box 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999 , www.pwc.com.au

Auditor's opinion

In our opinion:

(a) the financial report of Ten Network Holdings Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 August 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 13 to 26 of the directors' report for the year ended 31 August 2013. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Ten Network Holdings Limited for the year ended 31 August 2013, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

S. Horl

SG Horlin
Partner

17 October 2013