TEN NETWORK HOLDINGS LIMITED

ANNUAL REPORT

For the year ended
31 August 2014

ABN 14 081 327 068

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 31 AUGUST 2014
ABN 14 081 327 068

Contents Page

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 2014.

Directors

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

Mr HR McLennan (Executive Chairman [A])
Mr LK Murdoch [B]
Mr BJ Long (Deputy Chairman) (Alternate Mr DL Gordon)
Mr JJ Cowin (Alternate Mr PV Gleeson)
Mr PV Gleeson (Alternate Mr JJ Cowin)
Mr DL Gordon (Alternate Mr BJ Long)
Mr DD Hawkins (Alternate Mr DL Gordon)
Ms CW Holgate (Alternate Mr DL Gordon)
Mr PR Mallam
Ms SL McKenna
Ms GH Rinehart (Alternate Mr JJ Cowin & Mr J Klepec [C])

[A]: Mr HR McLennan was appointed as Executive Chairman effective 26 March 2014.
[B]: Mr LK Murdoch resigned as Non-Executive Chairman and Director effective 26 March 2014.
[C]: Mr J Klepec appointed as Alternate Director effective 16 October 2013.

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 2014 financial year has been focussed on executing the television strategy outlined to the market in November 2013.

Investment in primetime programming and the 25-54 demographic is at the core of the Company's strategy, and building time-slot ratings gradually with targeted decision making has been the focus.

Stability in the Management Team over the period has been a key part of the process and in April 2014, the Company announced the appointment of Paul Anderson as Chief Operating Officer alongside his existing role as Chief Financial Officer.

As a result of the stability in management, a focus on primetime investment funded in part by targeted restructuring of sections of the business, and a disciplined approach to commissioning programming, ratings have grown across the 2014 calendar year with approximately 50% of all time-slots in prime-time showing growth year on year.

A new four-year, $200 million debt facility from the Commonwealth Bank of Australia commenced operation following approval of the terms of the guarantees provided by three of the Company's major shareholders at the Company's Annual General Meeting on 18th December 2013. The new debt facility is free from financial covenants. In February 2014 the Company repaid a A$150 million US Private Placement Facility.

Financial Performance and Highlights

A summary of the consolidated results for the year ended 31 August 2014 are set out as follows:

	2014 **$'000**	**2013** $'000
(Loss) before income tax [(i)]	(166,606)	(328,663)
Income tax benefit [(ii)]	3,137	54,640
(Loss) from continuing operations	(163,469)	(274,023)
(Loss) from discontinued operations	-	(4,099)
(Loss) for the year	**(163,469)**	**(278,122)**
Profit attributable to non-controlling interests	4,846	6,871
(Loss) attributable to members of the Company	**(168,315)**	**(284,993)**

(i) Includes $54.2m net loss of individually significant items that are non-recurring in nature in 2014 (2013: $336.2m).
(ii) Includes $1.3m of non-recurring tax benefit in 2014 (2013: $60.4m tax benefit).

Financial performance for the year was below expectations, with revenues from continuing operations falling 4.3% to $626.0m and a net operating loss after tax from continuing operations of $163.5m. The decline in revenue reflected the continued difficult trading conditions in the Australian advertising market and the Company's decline in market share of revenue.

Expenses in the television segment increased significantly year on year, substantially because of costs associated with the *XXII Olympic Winter Games* in Sochi and *XX Commonwealth Games* in Glasgow. The net operating loss after tax from continuing operations included the following revenue and costs that are significant and non-recurring in nature:

- $52.8m impairment of the television licence
- $8.8m provision for onerous sports contracts in Television and Eye Corp's US business
- $5.2m in write-down of other assets, including an investment write-down for Beamly Australia Pty Limited
- $8.7m costs associated with the restructure of the news & operations departments.

Partially offset by the following revenue items
- $14.3m gain on sale of investment in Oasis Pty Limited
- $7.1m gain on sale of Perth property

Deferred Tax Assets arising from tax losses of $30.7m have not been booked at 31 August 2014.

The balance sheet had net debt of $80.5m as at 31 August 2014. Significant balance sheet movements during the year were as follows:

- The estimated recoverable amount of the Television CGU, based on value-in-use, equals its carrying amount.
- In July 2014 a $13.2m investment was recorded resulting from the exchange of shares in Oasis Pty Limited for shares in RSVP Australia Pty Limited.
- Program rights of $154.3m (2013: $197.1m) have reduced to levels in line with long term averages.
- The Onerous contracts provision reduced from $58.3m in 2013 to $35.3m, reflecting the utilisation of $31.8m provisions in in 2014 (including an interest charge for the unwinding of the provisions and foreign exchange), and $8.8m additional provisions recognised as non-recurring charges.

Total cash and equivalents of $13.4m as at 31 August 2014 was $109.0m below the prior year.

Cash outflows from operating activities of $36.1m are driven by the operating loss for the period, partly offset by net working capital reduction, primarily due to program inventory movements. 2014 cash inflows were impacted by a $5.2m decrease in net finance costs paid compared to the prior year, largely due to an agreement to capitalise interest costs. These will be payable on maturity of the facility in December 2017.

Cash outflows from investment activities of $2.9m represent proceeds from sale of the Perth property and Oasis, offset by fixed asset additions. Prior year investing inflows represented proceeds on the disposal of Eye Corp.

Cash outflows from financing activities of $69.9m are mainly due to net loan drawdowns and repayments made on the new 2014 $200m Revolving Cash Advance Facility and the repayment of the A$150m US Private Placement Facility.

Operational Highlights

2014 has seen the strategic focus on the 25-54 demographic, fresh formats, more cost effective local production, premium sporting events and a compelling digital platform.

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 and support execution of the strategic plan. 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. The Company has completed a refinancing package that commenced operation following approval of the terms of the guarantees provided by three of the Company's major shareholders at the 2013 Annual General Meeting. The funds drawn from the refinancing package were used to repay the existing $150m Senior Unsecured Notes and relieved the Company from operating under financial banking covenants, providing necessary funds for investment in key programming initiatives. The Company believes that the refinancing package, due in December 2017, mitigates this risk.

Business Strategies and Outlook

During the 2014 year, the Company continued its strategy of focusing the main TEN channel on Event TV, including premium sport, aimed at people aged 25 to 54. 2014 investment in Event TV programming included the *T20 Big Bash League* cricket competition, the *XXII Olympic Winter Games* in Sochi, the *XX Commonwealth Games* in Glasgow and *The Bachelor*. The Company secured the rights to the *V8 Supercars* (from 2015) adding to *Formula One* and *MotoGP*, with the return of the weekly motorsport show, *RPM* scheduled for 2015.

The Company improved the performance of general entertainment content across existing programming including *MasterChef* Australia, *Offspring* and *The Living Room*. *Family Feud* at 6pm grew consistently since the July 2014 launch, lifting Network Ten's 6:00pm to 6.30pm weekday audience and contributing to a lift in audience and commercial share in *The Project*.

Since the September 2013 launch, Tenplay has had more than one million downloads of its mobile devices app. The launch of Tenplay was followed by product innovations including the TEN Eyewitness News app, Sochi 2014 On Ten and Tenplay Kids, and partnerships with Microsoft Xbox and Google Android. Through Tenplay, the Company's 'TV Everywhere' strategy has delivered significant growth in online video views, page views and digital advertising revenue.

The television advertising market conditions remain subdued, with demand impacted by lack of consumer confidence and advertisers. The Company continues to expand its revenue base through Tenplay, INTENSIFY, targeting non-traditional television advertisers, and GENERATE, a premium creative solutions division.

The Company will continue to focus on strict cost control, continuing to find new ways to work smarter and more efficiently. At the same time, making prudent and strategic investments in content to execute ongoing turnaround strategy.

Dividends

The Company did not pay any dividends during the period.

Significant Changes in the State Of Affairs

On 26 February 2014, the Company's AUD $150m Senior Unsecured Notes were repaid in full. The majority of this repayment was from existing cash reserves. The remainder was drawn from a $200m Revolving Cash Advance facility from the Commonwealth Bank of Australia which will mature on 23 December 2017. This facility replaced the A$80m Revolving Cash Advance Facility with the Commonwealth Bank of Australia, which was originally scheduled to mature in November 2015.

Events Subsequent to Balance Date

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 2014 of the consolidated entity; or
- the results of those operations; or the state of affairs in financial years subsequent to 31 August 2014 of the consolidated entity.

Information on Directors

Director	Responsibilities	Particulars of Directors' Interests in Shares of The Company Ordinary Shares
Executive Chairman		
HR McLennan [A]	Executive Chairman of Board of Directors, Member of Board Performance and Renewal Committee	3,130,000
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 [B]	Member of Remuneration Committee, Member of Board Performance and Renewal Committee	2,475,000
PV Gleeson	Chair of Audit/ Risk/ Treasury Committee	42,559,567
DL Gordon [B]	Chair of Remuneration Committee	247,500
DD Hawkins	Member of Audit/ Risk/ Treasury Committee	135,000
CW Holgate	Member of Remuneration Committee	69,920
PR Mallam	Member of Audit/Risk/Treasury Committee	12,375
SL McKenna	Member of Remuneration Committee and Audit/ Risk/ Treasury Committee	-
GH Rinehart	Member of Board Performance and Renewal Committee	256,396,911

[A]: Mr HR McLennan was appointed Executive Chairman of the Company effective 26 March 2014. He was appointed member of the Board Performance & Renewal Committee effective 9 April 2014, appointed member of Remuneration Committee effective 9 April 2014 and resigned as member of the Remuneration Committee effective 15 August 2014.
[B]: Mr DL Gordon was appointed Chair of the Remuneration Committee effective 17 September 2014 replacing Mr JJ Cowin who remains a member of the Remuneration Committee.

Qualifications and Experience of Directors

The qualifications and experience of each Director are detailed below.

Hamish R McLennan

Hamish McLennan joined the Company as Chief Executive Officer on 18 March 2013 and was appointed as Managing Director of the Company on 8 April 2013.

On 26 March 2014, Mr McLennan was appointed Executive Chairman of the Company.

On 9 April 2014, Mr McLennan was appointed as a member of the Board Performance and Renewal Committee and the Remuneration Committee. He resigned as member of the Remuneration Committee effective 15 August 2014.

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 as Director 21 February 2012, appointed as Chairman 10 April 2012)

Former Australian Listed Company Directorships in last 3 Years: None

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 the Commonwealth Bank of Australia and Chairman of its Audit Committee. He is a non-executive director of Brambles Limited and Cantarella Bros Pty Ltd. Mr Long is Chairman of the Audit Committee of the University of New South Wales and is also a member of the University's Council. 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) and Brambles Limited (appointed 1 July 2014).

Former Australian Listed Company Directorships in Last 3 Years: None

Jack J Cowin

Director of the Company since April 1998.

Mr Cowin is a member 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 BridgeClimb.

Mr Cowin is also a non-executive Director and the Chairman of Domino's Pizza Enterprises Limited.

Other Current Australian Listed Company Directorships: Chandler Macleod Group (appointed 1 March 2011), Fairfax Media Group (appointed 19 July 2012) and Domino's Pizza Enterprises (20 March 2014).

Former Australian Listed Company Directorships in Last 3 Years: None

Paul V Gleeson

Director of the Company since February 1998. He holds a Bachelor of Economics degree and 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

David L Gordon

Director of the Company since 1 April 2010.

Mr Gordon is chairman 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 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

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 18 years. Mr Hawkins is Chairman of International News Network Limited, Chairman of the Advisory Board at Skins Global Holdings AG and a strategic advisor to the media and telecommunications industries. He is also Managing Partner at the venture capital firm, OneVentures. 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

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

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

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, non-executive Director of Nova Entertainment and non-executive Director of The Australian Ballet.

Ms McKenna is a former Partner of management consulting firm, McKinsey & Company, Commissioner of the Productivity Commission, a Director of Prime Media Group, Chairman of NBN Co and a 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 (from 20 August 2009 to 29 March 2012).

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 and Hope Downs Iron Ore Pty Limited. 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 include 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

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 the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators and a member of 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 2014, 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**
HR McLennan	08/04/13	Continuing	11	11	-	-	1	1	-	-
LK Murdoch	13/12/10	Resigned 26/03/14	5	5	2	2	4	4	1	1
BJ Long	01/07/10	Continuing	11	11	4	4	5	3	1	1
JJ Cowin	03/04/98	Continuing	11	9	-	-	5	4	1	1
PV Gleeson (Alternate)	22/11/10	Continuing	-	2	-	-	-	-	-	-
PV Gleeson	16/02/98	Continuing	11	11	4	4	-	-	-	-
JJ Cowin (Alternate)	10/12/10	Continuing	-	-	-	-	-	-	-	-
DL Gordon	01/04/10	Continuing	11	9	-	-	5	5	-	-
BJ Long (Alternate)	01/07/10	Continuing	-	2	-	-	-	-	-	-
DD Hawkins	01/04/10	Continuing	11	11	4	4	-	-	-	-
CW Holgate	01/04/10	Continuing	11	11	-	-	5	5	-	-
PR Mallam	13/12/10	Continuing	11	11	4	4	-	-	-	-
SL McKenna	26/06/12	Continuing	11	11	4	4	5	5	-	-
GH Rinehart	13/12/10	Continuing	11	-	-	-	-	-	1	1
J Klepec (Alternate)	16/10/13	Continuing	-	10	-	-	-	-	-	-
JJ Cowin (Alternate)	10/11/11	Continuing	-	1	-	-	-	-	-	-

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*.

For the 2013 and 2014 financial years, EBIT performance was below expectations. As a result no Short Term Incentive payments were made to participants.

For the 2014 financial year a new Long Term Incentive Plan was introduced following shareholder approval in December 2013. All allocations made under this Plan in the 2014 financial year are subject to the satisfaction of performance hurdles at the end of a 3 year performance period in 2016.

This report contains the following sections:

a) Board Remuneration Committee
b) Use of remuneration consultants
c) Principles used to determine the nature and amount of executive remuneration
d) Executive pay framework
e) Relationship between remuneration and company performance
f) Non-executive Director remuneration
g) Details of remuneration
h) Details of share-based compensation and bonuses
i) Equity instruments held by Key Management Personnel
j) Service agreements

a) 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.

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

b) Use of remuneration consultants

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 is 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 shares
- Deferring vesting of shares subject to continued service, market conditions and achievement of performance hurdles
- Only retaining the service of high performing Executives who continue to deliver results.

c) Principles used to determine the nature and amount of executive remuneration

Alignment to executives' interests is 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 framework for the year ending 31 August 2014 provides a mix of fixed and variable pay, and a blend of short and deferred 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.

d) Executive pay framework

The current executive pay and reward framework has three components:

- Base pay and benefits
- Short-term performance incentives, including cash bonuses
- Long term incentives through participation in the Ten Executive 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.

Incentives

For the 2014 financial year, the Remuneration Committee implemented a new incentive scheme ("Executive Incentive Plan") for senior executives to bolster the Company's remuneration framework and to ensure that the Company is able to attract, retain and incentivise highly skilled executives. The new scheme is also designed to enhance the alignment between senior executive compensation and the future return to Ten's shareholders. Senior executives are entitled to a maximum contracted total incentive in addition to their total fixed remuneration and the amount of that maximum contracted total incentive is equal to a percentage of that total fixed remuneration.

The maximum contracted total incentive is divided into a short term and a long term component. The short term component comprises 25% of the maximum contracted total incentive. If the specified performance hurdles for the short term component are met for the year of issue, a cash award up to that amount will be paid.

No short term incentives were awarded for the 2013 and 2014 financial years.

The long term component comprises the other 75% of the maximum contracted total incentive. Further details on short and long term incentives are provided below.

Short-Term Incentives

Short-Term Incentives (STIs) are available through cash bonuses to certain Executives as determined by the Remuneration Committee. No STIs were awarded for the 2013 and 2014 financial years.

STI targets for executives and senior managers are established in each financial year and agreed with the Chief Executive Officer and reviewed by the Remuneration Committee. The Chief Executive Officer's targets are agreed with the Remuneration Committee. Key performance measures include financial and non-financial targets together with company wide and role specific objectives to ensure variable reward meets or exceeds shareholder and Board EBIT expectations for the fiscal year. Performance against these measures is considered in an annual review.

Executive	Key performance measures for the 2014 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 Financial Officer/Chief Operating Officer	Group EBIT, Corporate financial performance, investor relations, operations, technology, human resources and leadership and accountability objectives
Chief Programming Officer	Television EBIT, network program strategy and ratings performance, program development, financial management leadership and accountability objectives

Long-Term Incentives

Ten Executive Incentive Plan

This is a new plan established during 2014 following shareholder approval in December 2013. Under the Executive Incentive Plan, eligible senior executives are permitted to borrow, from the Company or a subsidiary, an amount and use that amount to subscribe for ordinary shares in the Company to be newly issued under the Plan ("Loan Funded Shares").

The Loan Funded Shares are issued at market value on or around the commencement of the financial year. The number of Loan Funded Shares to which a senior executive is entitled is calculated by dividing the long-term component of the executive's incentive by the fair value of a Loan Funded Share as determined by the Remuneration Committee.

Interest is payable on amounts lent under the Plan equal to the cash amount of dividends paid on the Loan Funded Shares, unless otherwise specified in the issue terms.

The release of the Loan Funded Shares is conditional on satisfaction of performance hurdles (set out below) at the end of a 3 year performance period.

- 50% of potential incentive based on Ten's revenue share performance at the conclusion of the 3 year performance period identified.
- 50% of potential incentive based on Ten's EPS in the final year of the performance period.

To the extent that the conditions applicable to the Loan Funded Shares are met, the Loan Funded Shares will be able to be withdrawn from the Plan as indicated in the issue terms over 3 years. These terms allow for 60% of the Loan Funded Shares to be withdrawn immediately following the conclusion of the performance period, a further 20% of the Loan Funded Shares to be withdrawn at the 12 month anniversary of the conclusion of the performance period and a further 20% of the Loan Funded Shares to be withdrawn at the 24 month anniversary of the conclusion of the performance period. When Loan Funded Shares are withdrawn from the Plan, either the participant will need to repay the relevant loan or the Company will cause the Loan Funded Shares to be sold or otherwise disposed of and the proceeds will be used to repay the loan. Any excess of the disposal proceeds over the loan amount will benefit the participant.

If conditions applicable to Loan Funded Shares are not met, the relevant Loan Funded Shares will be forfeited and sold, bought-back or cancelled. No benefit will accrue to participants in this circumstance.

Amounts lent under the Plan are limited recourse so that, should the market value of the Company's shares, at the time the Loan Funded Shares are withdrawn from the Plan, fall below the market value at the time of issue of the Loan Funded Shares, or fail to satisfy the performance hurdle in the Plan, participants will not have to meet any shortfall.

On the occurrence of specified liquidity events (such as a Board recommended takeover or acquisition of more than 50% of the voting power in the Company), the offer conditions will generally be deemed to be satisfied.

Under AASB 2 these Loan Funded Shares have been accounted for as options issued with an exercise price equal to the market value share price on grant date. Once the Loan Funded Shares are eligible to be withdrawn from the Plan, the loan must be repaid within 180 days from that date.

Set out below is a summary of Loan Funded Shares granted under the plan during the year:

Grant Date	Exercise price per Loan Funded Share (accounted for as an option)	Expiry date	Number of Loan Funded Shares outstanding but not exercisable at the end of the period
As at 1 September 2013			-
18 December 2013	$0.3319	27 February 2017	25,328,614
		27 February 2018	8,442,871
		27 February 2019	8,442,871
19 February 2014	$0.3412	27 February 2017	1,079,637
		27 February 2018	359,879
		27 February 2019	359,879
As at 31 August 2014			44,013,751

No Loan Funded Shares expired or were forfeited or exercised during the period.

The fair value of the Loan Funded Shares granted during the year ended 31 August 2014 is $0.102 for those granted 18 December 2013 and $0.124 for those granted 19 February 2014. The fair value at grant date is independently determined using a Binomial option pricing model.

On 3 September 2014, 81,980,736 Loan Funded Shares were issued at an exercise price of $0.2568 per share and fair value of $0.094. These relate to the 2015 entitlement of Loan Funded Shares under the Ten Executive Incentive Plan.

Legacy Ten Long Term Incentive Plan ("LTIP") (suspended)

During 2014, 277,147 LTIP performance rights were forfeited due to performance hurdles not being met. At the end of the period, a total of 278,481 LTIP performance rights remain outstanding and unvested to one remaining Key Management Personnel, with a final testing date of 31 August 2015.

During 2011 and 2012, the LTIP was provided to a limited number of executives and provided for awards of performance rights. These rights are subject to the following performance hurdles:

- A relative Total Shareholder Returns (TSR) hurdle applies to 50% of the performance rights awarded.
- An Earnings per Share (EPS) hurdle applies to the remaining 50% of the rights awarded.

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, if the entire award has not vested at the end of the three year performance period. 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 the participant. TEN will determine whether it will issue new TEN shares or acquire TEN shares on-market to satisfy the Rights.

This plan has been suspended.

Legacy Ten Deferred Incentive Plan (suspended)

At the end of the period, a total of 98,970 DIP shares remain unvested.

In years prior to 2011, a limited number of senior Executives were invited to participate in a deferred incentive share plan.

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

Shares equal to the incentive amount were 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 the executive is 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.

This plan has been suspended.

e) Relationship between remuneration and company performance

Company performance is tabulated below:

	Ten Network Holdings Performance 2010 – 2014				
	2014	**2013**	**2012**	**2011**	**2010**
Underlying EBIT ($m) *	(95.0)	23.9	68.4	146.9	178.9
Dividends Paid (cps)	0.0	0.0	5.25	11.0	0.0
Underlying EPS (cps) *	(4.46)	(0.23)	0.87	7.11	9.29
Share Price (As at 31 August)	0.26	0.31	0.39	0.94	1.37
Total KMP incentives as a percentage of underlying EBIT	0.8%**	0.0%	1.3%	1.6%	2.5%

* Underlying earnings before interest and tax and underlying EPS is before individually significant items that are non-recurring in nature 2010 – 2014.

**Represents current year accounting expense for Loan Funded Shares which are subject to performance hurdles, the first measurement date of which is 2016.

f) Non-executive director remuneration

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.

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 2014 was $914,082. 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 following table.

Effective 1 September 2013 and 2014			
	Chair	Deputy Chair	Member
Board	$180,000	$99,000	$81,000
Audit	$10,000	-	$7,000
Remuneration	$7,000	-	$5,000

In 2014 no fees were paid to the Executive Chairman.

g) Details of remuneration

Directors of the Company

Details of the nature and amount of each element of the emoluments of each Director of the Company for the year ended 31 August 2014 and 2013 are set out in the following tables.

2014	Short-term benefits	Post-employment benefits	
Name	Cash Salary and Fees $	Super-annuation $	Total $
JJ Cowin	80,518	7,482	88,000
PV Gleeson	62,316	28,684	91,000
DL Gordon	78,688	7,312	86,000
DD Hawkins	80,518	7,482	88,000
CW Holgate	78,688	7,312	86,000
BJ Long	101,562	9,438	111,000
PR Mallam	80,518	7,482	88,000
SL McKenna	93,000	-	93,000
LK Murdoch	93,439	8,643	102,082
GH Rinehart	74,113	6,887	81,000
Total	**823,360**	**90,722**	**914,082**

Remuneration of Hamish McLennan, Executive Chairman and Chief Executive Officer, is included in the Other Key Management Personnel table which follows.

There were no cash bonuses, non-monetary benefits, share-based payments or other remuneration paid to Directors in 2014.

2013	Short-term benefits	Post-employment benefits	
Name	Cash Salary and Fees $	Super-annuation $	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
DL Gordon	78,868	7,132	86,000
DD Hawkins	80,703	7,297	88,000
CW Holgate	78,868	7,132	86,000
PR Mallam	80,703	7,297	88,000
SL McKenna	91,488	-	91,488
GH Rinehart	74,283	6,717	81,000
Total	**915,938**	**74,550**	**990,488**

Remuneration of Hamish McLennan, Chief Executive Officer, is included in the Other Key Management Personnel table which follows.

There were no cash bonuses, non-monetary benefits, share-based payments or other remuneration paid to directors in 2013.

Other Key Management Personnel of the Consolidated Entity

Details of the nature and amount of each element of the emoluments of Key Management Personnel of the consolidated entity for the year ended 31 August 2014 and 2013 are set out in the following tables.

2014	Short-term benefits	Post-employment benefits	Share-based payments		
Name	Cash Salary and Fees $	Super-annuation $	Options and rights[1] $	Shares $	Total[2] $
H McLennan Executive Chairman and Chief Executive Officer	1,957,057	17,943	493,750	-	2,468,750
P Anderson Chief Financial Officer/ Chief Operating Officer	820,257	27,168	171,493	-	1,018,918
B McGarvey Chief Programming Officer	582,057	16,408	127,500	6,654	732,619
Total	**3,359,371**	**61,519**	**792,743**	**6,654**	**4,220,287**

[1] The majority of options and rights in 2014 represent Loan Funded Shares under the 2014 Executive Incentive Plan, which are subject to performance hurdles, the first measurement date of which is the 3 year period ending 31 August 2016. 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 2014 and have been calculated in line with AASB 2 *Share-Based Payment.*

[2] The only 2014 remuneration that is related to the performance of the KMPs is the *AASB2 Share Based Payment* expense for the options, rights and shares set out in the above table. The charge for these performance related items as a percentage of total remuneration is: H McLennan 20%, P Anderson 17% and B McGarvey 18%.

There were no cash bonuses, non-monetary benefits or termination benefits paid or accrued for Key Management Personnel in 2014.

2013	**Short-term benefits**			**Post-employment benefits**	**Share-based payments**		
Name	**Cash Salary and Fees $**	**Motor Vehicle $**	**Termin-ation Benefits $**	**Super-annuation $**	**Options and rights $**	**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	16,687	-	-	863,734
G Thorley [D] Chief Executive Officer – *Eye Corp*	276,946	-	857,121	19,215	-	-	1,153,282
Total	**5,115,424**	**30,814**	**1,148,234**	**102,754**	**-**		**6,397,226**

[A] For the year ended 31 August 2013, Mr J Warburton held the position of Chief Executive Officer up until 21 February 2013.

[B] H McLennan was appointed as Chief Executive Officer 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.

[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.

There were no cash bonuses, non-monetary benefits or termination benefits paid or accrued for Key Management Personnel in 2013.

h) Details of share-based compensation and bonuses

(i) Bonuses

During 2014 and 2013 no short term incentives were paid to Key Management Personnel.

(ii) Loan Funded Shares (LFS)

The terms and conditions of each grant of LFS affecting remuneration in the current or a future reporting period are as follows;

Grant date	Vesting date	% of Grant	Exercise date	Expiry date	Exercise price	Value per LFS at grant date	Performance achieved	% Vested
18/12/13	31/08/16	60%	31/08/16	27/02/17	$0.3319	$0.102	To be determined	0%
		20%	31/08/17	27/02/18	$0.3319	$0.102	To be determined	0%
		20%	31/08/18	27/02/19	$0.3319	$0.102	To be determined	0%
19/02/14	31/08/16	60%	31/08/16	27/02/17	$0.3412	$0.124	To be determined	0%
		20%	31/08/17	27/02/18	$0.3412	$0.124	To be determined	0%
		20%	31/08/18	27/02/19	$0.3412	$0.124	To be determined	0%

Loan Funded Shares granted under the plan incur interest equal to the cash amount of dividends paid on the LFS.

Details of Loan Funded Shares (accounted for as options) provided as remuneration to Key Management Personnel are shown below. Refer to section (d) of this report for details on exercise and vesting conditions.

2014

Name	Year Granted	Years in which LFS may vest	Number of LFS granted	Value of LFS at grant date
H McLennan	2014	2016	14,522,059	1,481,250
P Anderson	2014	2016	4,375,000	446,250
B McGarvey	2014	2016	3,750,000	382,500

No Loan Funded Shares were forfeited or vested during the year.

(iii) Performance rights and deferred shares

Details of rights and shares provided as remuneration to Key Management Personnel are set out below. Refer to section (d) of this report for details on vesting conditions:

Rights and DIP shares							
Name	Year granted	Number granted	Value per share	Vested %	Vested number	Forfeited %	Max value yet to vest
P Anderson							
- Performance rights	2012	278,481	$0.79	-	-	-	$220,000
B McGarvey							
- Deferred shares	2011	113,476	$0.94	75%	85,107	-	$ 26,618

Hamish McLennan did not participate in either plan.

i) Equity instruments held by Key Management Personnel

(i) Loan Funded Shares (LFS), performance rights (Rights) and deferred shares (DIP) holdings

2014 Name	Balance at the start of the year	Granted as compen-sation	Exercised (LFS) /vested (rights, deferred shares)	Forfeited	Balance at the end of the year	Vested and exercisable	Unvested
H McLennan							
- LFS	-	14,522,059	-	-	14,522,059	-	14,522,059
P Anderson							
- LFS	-	4,375,000	-	-	4,375,000	-	4,375,000
- Rights	413,668	-	-	(135,187)	278,481	-	278,481
- DIP	15,692	-	(15,692)	-	-	-	-
B McGarvey							
- LFS	-	3,750,000	-	-	3,750,000	-	3,750,000
- DIP	72,582	-	(44,213)	-	28,369	-	28,369

(ii) Share holdings

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 2014, including their personally-related entities, are set out below.

2014 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					
HR McLennan	3,130,000	-	-	-	3,130,000
BJ Long	533,250	-	-	-	533,250
JJ Cowin	2,475,000	-	-	-	2,475,000
PV Gleeson	42,559,567	-	-	-	42,559,567
DL Gordon	247,500	-	-	-	247,500
DD Hawkins	135,000	-	-	-	135,000
CW Holgate	69,920	-	-	-	69,920
PR Mallam	12,375	-	-	-	12,375
SL McKenna	-	-	-	-	-
GH Rinehart	256,396,911	-	-	-	256,396,911
Other Key Management Personnel of the consolidated entity					
P Anderson	532,488	15,692	-	-	548,180
B McGarvey	306,090	44,213	-	-	350,303

LK Murdoch was a director of the Company from the beginning of the year until 26 March 2014. During this period he had an interest in 462,441,158 ordinary shares including 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. This agreement was terminated on 26 March 2014 and when he ceased to be a Key Management Personnel his shareholding was 231,220,579.

There were no other transactions with Key Management Personnel during the year ended 31 August 2014.

j) Service Agreements

Remuneration and other terms of employment for the Key Management Personnel of the consolidated entity 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 Executive 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 the Ten Executive Incentive Plan on achievement of specific STI targets weighted heavily to the financial performance of the Group and inclusive of leadership and corporate objectives.
- Long term incentives are available from the commencement of the 2014 financial year through participation in the Ten Executive Incentive Plan on achievement of performance hurdles with a 3 year vesting period, weighted heavily towards the financial performance of the Group.
- 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 / Chief Operating Officer*

In April 2014, the Company announced Paul Anderson as the Chief Operating Officer, retaining his Chief Financial Officer role.

Term of agreement – rolling contract commencing 9 April 2014.

- Effective 9 April 2014 fixed remuneration, inclusive of superannuation is $1,050,000.
- Short-term incentives are available from the commencement of the 2014 financial year under the Ten Executive Incentive Plan on achievement of specific STI targets weighted heavily to the financial performance of the Group and inclusive of leadership and corporate objectives.
- Long term incentives are available from the commencement of the 2014 financial year through participation in the Ten Executive Incentive Plan on achievement of performance hurdles with a 3 year vesting period, weighted heavily towards the financial performance of the Group.
- Total remuneration from short-term and long-term incentives is capped at 85% 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.

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 from the commencement of the 2014 financial year under the Ten Executive Incentive Plan on achievement of specific STI targets weighted heavily to the financial performance of the Group and inclusive of leadership and corporate objectives.
- Deferred incentives are available through past participation in the Ten Deferred Incentive Plan.
- Long term incentives are available from the commencement of the 2014 financial year through participation in the Ten Executive Incentive Plan on achievement of performance hurdles with a 3 year vesting period, weighted heavily towards the financial performance of the Group.
- Total remuneration from short-term and long-term incentives is capped at 85% of fixed remuneration.
- 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.

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	
	2014	**2013**
	$	**$**
(a) PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	417,046	429,158
Other audit related services	23,000	308,950
Taxation Services		
Tax compliance services	215,000	187,773
Other tax services	21,419	118,306
Other services		
Advisory services	92,000	399,058
Total remuneration of PricewaterhouseCoopers Australia	768,465	1,443,245
(b) Related practices of PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports	20,000	27,804
Other audit related services	-	1,300
Other services	-	-
Total remuneration of related practices of PricewaterhouseCoopers Australia	20,000	29,104
Total auditors' remuneration	**788,465**	**1,472,349**

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 26.

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 22.

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 16 October 2014 in accordance with a resolution of the Directors.

HR McLennan
Executive Chairman

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Ten Network Holdings Limited for the year ended 31 August 2014, 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
16 October 2014

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

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 *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 notes that during the year the ASX Corporate Governance Council issued the 3rd edition of its *Corporate Governance Principles and Guidelines* ("the 3rd Edition"), which take effect for an entity's first full financial year commencing on or after 1 July 2014. The Company accordingly proposes to measure its corporate governance practices against the revised recommendations in the 3rd Edition commencing with the Company's financial year ending on 31 August 2015.

The Company considers that its practices are generally consistent with those contained in the ASX Guidelines (except where referred to below) and is progressing to implement the new recommendations, as contained in the 3rd Edition. The Company reports below on whether it has followed each of the recommendations contained in the ASX Guidelines during the reporting period.

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.	Explain
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

	ASX Principle	Compliance
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 assess annually both the objectives and progress in achieving them.	Comply
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity and progress towards achieving them.	Comply
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

	ASX Principle	Compliance
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
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 Executive Chairman and Managing Director, undertook a 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 14 of the Directors' Report.

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

A 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 2014 are set out on page 6.

The Company considers that each of its Directors meet the Board's criteria for independence, other than Hamish McLennan (as Executive Chairman and Managing Director of the consolidated entity).

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 holder, 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 has also assessed the position of Siobhan McKenna and considers that Ms McKenna is independent. Ms McKenna is managing partner of Illyria Nominees Television Pty Limited ("Illyria"), a substantial shareholder of the Company, as that expression is defined for the purposes of the Corporations Act, which within the previous three years has had a consultancy arrangement with the Company. Illyria's holding in the Company is not so substantial as to either amount to a controlling interest or one that enables the exercise of significant influence and the consultancy arrangement is no longer in place. Accordingly, recognising the existence of other comparative substantial shareholdings in the Company, the Board does not consider the nomination of Ms McKenna as a Director by Illyria or the previous consultancy arrangement, as matters which individually or together could interfere with the independent exercise of her judgement in the best interests of the Company.

The Board considers that whilst Mr Mallam was nominated as a Director by entities controlled by Mr 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, Ms McKenna 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 which meets on an adhoc basis. As at 31 August 2014, this Committee was comprised of:

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

This Committee has developed a conflict protocol which recognizes that a Director may from time to time have a conflict between his duties as a Director and his duties as a director or his interests in a Director-related entity. The Protocol acknowledges 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.*

Hamish McLennan was appointed as the Company’s Chief Executive Officer with effect from 22 February 2013 and was subsequently also appointed as Managing Director of the Company on 8 April 2013. On 26 March 2014, Mr McLennan was unanimously additionally appointed as Executive Chairman of the Company.

The Board acknowledges ASX Recommendation 2.2 that the chair of the board should be an independent director. The Board considers that Mr McLennan, 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, as well as an independence of mind, which makes him a strong and appropriate Chair of the Board.

Brian Long has continued in his role as Deputy Chair and Lead Independent Director during the period of transition between Chairmen, and continues 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 2014, this Committee was comprised of:

- Brian Long (Chair)
- Jack Cowin
- Gina Rinehart
- Hamish McLennan

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 is available on the Company's website.

Details of attendances at meetings of the Board Performance and Renewal Committee are set out at page 11.

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 and carries out that work by internal surveys and discussions as appropriate.

The Board also undertakes a 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. The Company Secretary is also accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including:

- advising the Board and its Committees on governance matters;
- monitoring that Board and Committee policy and procedures are followed;
- co-ordinating the timely completion and despatch of Board and Committee papers;
- ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of Directors.

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 10 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 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.

In 2013, Mr McLennan was appointed to the Board, having regard to his significant global experience in advertising sales and media.

The Board has undertaken a performance review of the Board, its Committees and individual Directors in accordance with the process described above since the date of the last Annual Report.

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 is available on the Company's website.

A copy of the charter for the Board Performance and Renewal Committee is also available 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. The Code applies to all Directors, employees and contractors of the consolidated entity.

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 and progress towards achieving them.

The consolidated entity adopted a diversity policy during the reporting period which requires the consolidated entity to:

- develop and maintain a range of objectives, initiatives and programs to drive and maintain a diverse workforce. The principal objectives are to maintain the current levels of gender representation in the workforce which are considered to be exemplary (Recommendation 3.4 below) and to maintain parity in the remuneration of male and female employees performing similar roles. The Board receives an annual report confirming that remuneration parity has been maintained;
- measure these objectives, initiatives and programs and report progress towards achieving them to the Board; and
- meet the diversity requirements and gender balance initiatives, as set out in the ASX Guidelines and the Workplace Gender Equality Act.

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

The Company has also participated in the Workplace Gender Equity Agency pay equity education workshop and has acted as a business adviser to its pay equity education campaign. The Company will continue to conduct pay equity analysis to ensure equitable pay practices.

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 2014, the proportion of women who occupied each of the following role categories within the consolidated entity, was:

• Total employees (902)	47%
• Core executive leadership team (8)	50%
• Senior executive roles (20)	28%
• Directors (10)	30%

Employees are considered to occupy senior executive roles within the Company where they form part of the formal management group of the Company. 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 2014 comprised solely independent, non-executive Directors, being:

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

The Chairman of the Committee holds a Bachelor of Economics degree and 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 10. Details of attendances at meetings of the Audit Committee are set out at page 11.

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 and agreed to amend its terms to incorporate various recommendations of the 3rd Edition as they relate to:

- reviewing on not less than an annual basis, the Company's risk management framework to ensure that it continues to be sound and ensure that disclosure as to whether such review has taken place is made in relation to each reporting period; and
- determining if the Company has any material exposure to economic, environmental and social sustainability risks and, if so, to determine how such risks should be managed.

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 consolidated entity 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 ASX. 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 Executive Chairman and Managing Director, the Chief Financial Officer and/or the Company Secretary, who are then responsible 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 Executive Chairman and Managing Director 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 or full year 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.

The Company also requests that the external auditor attend the annual general meeting of the Company and be available to answer questions from shareholders about the audit and the preparation and content of the audit report.

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 reviewing the risk management and internal control systems of the consolidated entity, the Executive Chairman and Managing Director and the 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 Executive Chairman and Managing Director and the 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 Executive Chairman and Managing Director and the 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 Executive Chairman and Managing Director and the 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 independent, non-executive Directors. As at 31 August 2014, this Committee comprised:

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

Effective from 17 September 2014, David Gordon has been appointed as Chairman of the Remuneration Committee.

Details of attendances at meetings of the Remuneration Committee are set out at page 11.

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 Executive Chairman and Managing Director and the Executives reporting to the Executive Chairman and Managing Director;
- review the performance and financial incentives of the Executive Chairman and Managing Director 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 and oversee a formal gender diversity policy and its 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 17 to 19.

The structure of remuneration for Non-executive Directors and the Executive Chairman and Managing Director are different. As explained in the Remuneration Report, the Executive Chairman and Managing Director and Executives comprising Key Management Personnel receive fixed remuneration, employer contributions to superannuation funds, an opportunity to acquire Loan Funded Shares under the Company's long term incentive plan and, subject to Board discretion, participation in a short term incentive plan.

Non-executive Directors receive fees determined by the Board, but within the annual aggregate limit approved by shareholders at a general meeting of the Company, and do not participate in any share or option plans offered by the Company.

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.

In addition, the Company's Policy for Dealing in Securities, a copy of which is available in the Corporate Governance section of the Company's website, prohibits Directors and senior Executives from entering into a hedge transaction involving unvested equity pursuant to any equity-based remuneration plan operated by the Company.

Website - Further information in relation to the consolidated entity is available on our website at www.tenplay.com.au/corporate.

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000
Revenue from continuing operations	4	625,967	653,893
Other revenue	4	2,852	7,009
Net gain on sale of investment and property	4	21,362	-
Television costs		(696,648)	(596,216)
Out-of-home costs		(26,278)	(33,325)
Impairment of intangible assets	3	(52,847)	(292,122)
Restructuring costs	3	(8,669)	(14,410)
Write-down of other assets	3	(5,185)	(9,442)
Provision for onerous contracts	3	(8,828)	(20,268)
Finance costs	5	(19,360)	(22,308)
Share of net profit/ (loss) of associates accounted for using the equity method		1,028	(1,474)
(Loss) before income tax	6(b)	(166,606)	(328,663)
Income tax benefit	6(a)	3,137	54,640
(Loss) from continuing operations		(163,469)	(274,023)
(Loss) from discontinued operations	32	-	(4,099)
(Loss) for the year		**(163,469)**	**(278,122)**
(Loss) is attributable to:			
(Loss) attributable to owners of the Company		(168,315)	(284,993)
Profit attributable to non-controlling interests		4,846	6,871
		(163,469)	**(278,122)**
(Loss) for the year		**(163,469)**	**(278,122)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	19	1,591	3,786
Exchange differences on translation of foreign operations	19	890	1,389
Income tax relating to these items	19	(477)	(1,136)
Total comprehensive (loss) for the year, net of tax		(161,465)	(274,083)
Total comprehensive (loss) attributable to owners of Ten Network Holdings Limited		(166,311)	(280,954)
Total comprehensive profit attributable to non-controlling interests		4,846	6,871
		(161,465)	**(274,083)**

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2014

	Consolidated 2014 $'000	Consolidated 2013 $'000
Total comprehensive (loss) attributable to members of Ten Network Holdings Limited		
Continuing Operations	(166,311)	(276,855)
Discontinued Operations	-	(4,099)
	(166,311)	(280,954)

Earnings Per Share	Note	2014 Cents	2013 Cents
Basic earnings per share	21	**(6.51)**	**(12.88)**
- From continuing operations		(6.51)	(12.69)
- From discontinued operations		-	(0.19)
Diluted earnings per share	21	**(6.51)**	**(12.88)**
- From continuing operations		(6.51)	(12.69)
- From discontinued operations		-	(0.19)

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 2014

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000
Current Assets			
Cash and cash equivalents		13,439	122,351
Receivables	11	100,677	129,290
Program rights and inventories	7	124,165	166,318
Current tax assets	6(c)	1,093	2,233
Other	12	3,413	7,478
Total Current Assets		**242,787**	**427,670**
Non-Current Assets			
Program rights and inventories	7	30,119	30,773
Investments	13	17,644	6,994
Property, plant and equipment	14	50,991	54,238
Intangible assets	8	732,854	785,701
Other	12	14,107	13,473
Total Non-Current Assets		**845,715**	**891,179**
Total Assets		**1,088,502**	**1,318,849**
Current Liabilities			
Payables	15	154,439	137,449
Borrowings	9	-	150,000
Derivative financial instruments	16	482	-
Provisions	10	42,320	44,148
Total Current Liabilities		**197,241**	**331,597**
Non-Current Liabilities			
Payables	15	49,283	43,832
Borrowings	9	95,185	-
Derivative financial instruments	16	4,166	6,676
Deferred tax liabilities	6(d)	561	9,951
Provisions	10	22,599	40,980
Total Non-Current Liabilities		**171,794**	**101,439**
Total Liabilities		**369,035**	**433,036**
Net Assets		**719,467**	**885,813**
Equity			
Contributed equity	18	2,781,554	2,781,103
Reserves	19	(1,193,821)	(1,197,031)
Accumulated losses		(869,879)	(701,564)
Capital and reserves attributable to equity holders of the Company		717,854	882,508
Non-controlling interests		1,613	3,305
Total Equity		**719,467**	**885,813**

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 2014

	Note	Contributed Equity $'000	Other Reserves $'000	Accumu-lated Losses $'000	Total $'000	Non-controlling interest $'000	Total Equity $'000
Balance at 1 September 2013		**2,781,103**	**(1,197,031)**	**(701,564)**	**882,508**	**3,305**	**885,813**
(Loss)/ Profit for the year		-	-	(168,315)	(168,315)	4,846	(163,469)
Other comprehensive income		-	2,004	-	2,004	-	2,004
Total comprehensive income for the year		-	2,004	(168,315)	(166,311)	4,846	(161,465)
Issue of shares held by Employee Share Trust	18,19	451	(451)	-	-	-	-
Employee Share Plan Expense	19	-	1,657	-	1,657	-	1,657
Dividends paid	30	-	-	-	-	(6,538)	(6,538)
Balance at 31 August 2014		**2,781,554**	**(1,193,821)**	**(869,879)**	**717,854**	**1,613**	**719,467**
Balance at 1 September 2012		**2,555,527**	**(1,205,782)**	**(416,571)**	**933,174**	**8,616**	**941,790**
(Loss)/ 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	18	224,964	-	-	224,964	-	224,964
Issue of shares held by Employee Share Trust	18,19	612	(618)	-	(6)	-	(6)
Dividends paid		-	-	-	-	(12,182)	(12,182)
Balance at 31 August 2013		**2,781,103**	**(1,197,031)**	**(701,564)**	**882,508**	**3,305**	**885,813**

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 2014

	Note	Consolidated 2014 $'000	2013 $'000
Net increase in cash and cash equivalents			
Cash on hand		85	88
Cash at bank		13,354	122,263
At end of year		13,439	122,351
At beginning of year		122,351	93,944
Cash held by discontinued operation at beginning of period		-	2,993
Effects of exchange rate movements on cash and cash equivalents		(72)	-
Net cash (outflows)/ inflows for the year		**(108,984)**	**25,414**
Represented by:			
Cash Flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		721,121	723,211
Payments to suppliers and employees (inclusive of goods and services tax)		(745,150)	(767,291)
Interest received		1,816	6,062
Bank interest paid		(7,471)	(15,145)
Treasury costs paid		(834)	(2,604)
Income tax received/(paid)			
Prior year refunds received		5,786	24,251
Current year payments		(11,397)	(22,699)
Net cash (outflows) operating activities	28	(36,129)	(54,215)
Cash Flows from investment activities			
Acquisition of property, plant and equipment		(16,141)	(11,862)
Proceeds on disposal of property, plant and equipment		10,733	460
Dividends received		970	1,040
Proceeds from sale of investment		2,291	92,040
Payments for other investments		(773)	(1,970)
Net cash (outflows)/ inflows from investment activities		(2,920)	79,708
Cash Flows from financing activities			
Net proceeds from issue of shares		-	222,826
Dividends paid		(6,538)	(12,181)
Proceeds from borrowings		170,000	-
Repayment of borrowings		(230,000)	(210,084)
Refinancing costs		(3,397)	(640)
Net cash (outflows) from financing activities		(69,935)	(79)
Net cash (outflows)/ inflows for the year		**(108,984)**	**25,414**

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 Australian Accounting Standards 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 2.

Changes to Presentation

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. The Company and its controlled entities together are referred to in this financial report as the consolidated entity. The consolidated entity's principal subsidiaries are detailed in Note 20. 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.

(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 differences 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 sale.

(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.

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.

(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.

(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:

	2014	**2013**
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.

(j) Investments

Associates and Joint Ventures

Associates and joint ventures 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 and joint ventures 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 or joint venture equals or exceeds its interest in the associate or joint venture, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture. Unrealised gains and losses on transactions between the consolidated entity and its associates and joint ventures are eliminated to the extent of its interest in the associate or joint venture.

Other Investments

Other investments are carried in the consolidated financial statements at cost or fair value through other comprehensive income.

(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.

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.

Equity-Based Compensation Benefits

(iv) Ten Executive Incentive Plan & Long Term Incentive Plan

The fair value of Loan Funded Shares and performance rights granted are recognised as an employee benefits expense with a corresponding increase in equity. The fair value of the shares and rights granted 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 shares or 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 shares or 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.

(vi) Termination Benefits

Termination benefits are payable when employment is terminated by the consolidated entity before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The consolidated entity recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(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.

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.

(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.

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). 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.

(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 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 2014 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 2017 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.

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.

Adoption of new and revised accounting standards

During the year, the following significant standards became mandatory and have been adopted retrospectively by the Group:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits
- AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below. AASB 10 Consolidated Financial Statements is effective for annual reporting periods beginning on or after 1 January 2013 and therefore the Company has applied it for the first time in these financial statements. AASB 10 includes a new definition of control, including additional guidance for specific situations such as control in a principal / agent situation and when holding less than majority voting rights may give control. AASB 10 supersedes the previous requirements of AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation - Special Purpose Entities and resulted in consequential amendments to a number of other standards.

The Company has reviewed its investment in other entities to determine whether any changes were required to the consolidated entity under AASB 10. The composition of the consolidated entity is the same under AASB 10 and therefore there is no change to the reported financial position and performance.

AASB 11 Joint Arrangements replaces AASB 131 Interests in Joint Ventures and Interpretation 113 Jointly-Controlled Entities - Non-monetary Contributions by Venturers as well as consequential amendments to a number of other standards. AASB 11 uses the revised definition of control from AASB 10 and once joint control is determined, then classifies joint arrangements as either joint ventures or joint operations. Joint ventures are accounted for using the equity method, proportionate consolidation is not permitted under AASB 11. Joint operations are accounted for by incorporating the venturer's share of assets, liabilities, income and expenses into the financial statements. There were no changes to the accounting for joint arrangements under AASB 11.

AASB 13 Fair Value Measurement does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. AASB 13 has not changed the fair value measurement basis for any assets or liabilities held at fair value, however additional disclosures on the methodology and fair value hierarchy have been included in Note 17.

AASB 119 Employee benefits changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits. The Company reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period. Whilst this has been considered to be a long-term employee benefit for the purpose of measuring the leave under AASB 119, the effect of discounting was not material.

The Company has not elected to apply any pronouncements before their operative date in the period ended 31 August 2014.

(ac) Parent entity financial information

The financial information for the parent entity, Ten Network Holdings Limited, disclosed in Note 31 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 parent entity.

(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(e).

(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.

Ten Network Holdings Limited implemented the tax consolidation legislation as of 1 July 2004.

In 2008, 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.

2 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.

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 and the resulting impairment loss has been determined based on a value-in-use calculation. This calculation requires the use of assumptions. Refer to Note 8 for details of these assumptions and the potential impact of changes to the assumptions.

Estimated Impact of Onerous Contract Provisions
Onerous contract provisions are recognised in relation to Sports, Roads Maritime Services (RMS) and Eye US contracts where the forecast costs of the contract exceeds the forecast revenues associated with the contract. The provisions are initially recorded when a reliable estimate can be determined and they are discounted to present value. There is judgement involved in the estimation of the provision for these onerous contracts, which is based on forward revenue estimates, compared to costs which are largely known. The uncertainty in estimation of these contracts has decreased since the prior year as a large number of them materially conclude in FY15, reducing the time frame for the forecast period.

Income Taxes
The consolidated entity has recognised certain deferred tax assets relating to carried forward tax losses and some deferred tax assets remain unrecognised. The estimation of these recognised and unrecognised deferred tax assets is the subject of significant judgement. It is based on detailed tax forecasts and consideration of the evidence available to support recognition. Refer to Note 6 for further information.

3 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 (Roads and Maritime Services contract (RMS) and Eye US operations). The Chief Executive Officer assesses the performance of the operating segments based on Adjusted EBITDA.

Geographical segments
The consolidated entity operates principally within Australia.

Segment information provided to the CEO

2014	Television $'000	Out-of-Home $'000	Consolidated $'000
Revenue			
Sales to external customers	599,689	26,278	625,967
Other revenue	2,852	-	2,852
Net gain on sale of investment and property	21,362	-	21,362
Total revenue	623,903	26,278	650,181
Segment Result			
Adjusted EBITDA *	(79,336)	-	(79,336)
Depreciation (Note 5)	(15,625)	-	(15,625)
Adjusted EBIT *	(94,961)	-	(94,961)
Non-recurring revenue items	21,362	-	21,362
Non-recurring expense items	(70,658)	(4,871)	(75,529)
Finance costs (Note 5)			(19,360)
Interest revenue (Note 4)			1,882
Loss before tax			(166,606)
Income tax (expense)/ revenue			
Normal			1,887
Non-recurring tax items			1,250
Loss from continuing operations			(163,469)
Total Segment assets	1,078,304	10,198	1,088,502
Total Segment liabilities	338,264	30,771	369,035
Acquisitions of non-current assets	16,080	61	16,141

* Before non-recurring items

In the year ended 31 August 2014, the Company had $54.2m of net losses (2013: $336.2m loss) from continuing operations which are non-recurring. These include gain on sale of Oasis Pty Limited ($14.3m), gain on sale of Perth property ($7.1m), impairment of television licences ($52.8m), restructuring costs ($8.7m), investment write-down for Beamly Australia Pty Limited ($3.6m), provision for onerous contracts ($8.8m) and program assets which were not delivered ($1.6m).

3 SEGMENT INFORMATION (continued)

2013	Television $'000	Out-of-Home $'000	Consolidated $'000
Revenue			
Sales to external customers	627,047	26,846	653,893
Other revenue	7,009	-	7,009
Total revenue	634,056	26,846	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)
Total Segment assets	1,311,205	7,644	1,318,849
Total Segment liabilities	395,561	37,475	433,036
Acquisitions of non-current assets	8,326	376	8,702

* Before non-recurring items

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 for onerous contracts ($20.3m), impairment of fixed assets ($9.4m) and restructure costs in the television business ($14.4m).

4 REVENUE

	Consolidated 2014 $'000	Consolidated 2013 $'000
Revenue from continuing operations		
Sales revenue	625,967	653,893
	625,967	653,893
Other revenue		
Interest	1,882	5,751
Dividend	970	1,040
Foreign exchange gain	-	218
	2,852	7,009
Other income		
Net gain on sale of Oasis Pty Limited	14,253	-
Net gain on sale of Perth land and buildings	7,109	-
	21,362	-

5 EXPENSES

	Consolidated 2014 $'000	Consolidated 2013 $'000
Profit from continuing operations before income tax includes the following specific items:		
Net loss on sale of property, plant and equipment	62	243
Net bad and doubtful debts, including movements in provision for doubtful debts	102	2,130
Employee benefits expense	157,608	141,408
Defined contribution superannuation expense	9,961	9,147
Operating lease rentals		
Minimum lease payments	49,814	47,852
Contingent rental expense	653	864
Rental expense from sub-lease	177	127
Finance costs		
Interest expense	16,953	19,402
Unwinding of discount	2,318	2,870
Other	89	36
	19,360	22,308
Depreciation and amortisation of property, plant and equipment:		
Plant and equipment	13,215	15,623
Leasehold improvements	2,188	1,731
Buildings	222	235
	15,625	17,589

6 INCOME TAX

	Consolidated 2014 $'000	Consolidated 2013 $'000
(a) Income tax expense/ benefit		
Current income tax (revenue)/expense	822	(117,010)
Deferred income tax (revenue)/expense	(3,959)	60,975
Prior year adjustments	-	(440)
	(3,137)	(56,475)
Attributable to:		
(Loss) from continuing operations	(3,137)	(54,640)
(Loss) from discontinued operations	-	(1,835)
Total income tax expense	(3,137)	(56,475)
Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax asset	1,897	-
(Increase) / decrease in deferred tax liabilities	(5,856)	60,975
	(3,959)	60,975
(b) Reconciliation of income tax to prima facie tax payable		
(Loss) from continuing operations before tax	(166,606)	(328,663)
(Loss) from discontinued operations before tax	-	(5,934)
	(166,606)	(334,597)
Tax at the Australian tax rate 30%	(49,982)	(100,379)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Deferred tax asset not recognised on TV licence impairment	15,854	31,588
Write-down of investments	1,067	-
Non-deductible entertainment	1,257	301
Share in associates' (gains) / losses	(309)	442
Tax loss on sale of subsidiary	-	1,661
Utilisation of deferred tax assets not previously brought to account	(3,389)	-
Regional deferred tax assets not brought to account	1,789	10,877
Tax losses not recognised	30,690	-
Other	(114)	(525)
Prior year adjustments	-	(440)
Income tax (benefit)/ expense	(3,137)	(56,475)
(c) Current tax (assets)/ liabilities		
Provision for income tax/ (Income tax receivable)	(1,093)	(2,233)

	Consolidated 2014 $'000	Consolidated 2013 $'000
(d) Deferred tax (assets)/ liabilities		
The balance comprises temporary differences attributable to:		
Deferred consideration	468	-
Provision for doubtful debts and advertising credits	(748)	(962)
Carry forward tax losses	(30,251)	(24,339)
Program rights	49,665	62,702
Investments	3,027	-
Property, plant and equipment	847	900
Capitalised costs	(332)	(209)
Trade creditors and accruals	(4,796)	(4,170)
Provisions	(14,722)	(19,915)
Hedge reserve	(1,317)	(1,926)
Equity raising expenses	(1,280)	(2,130)
Deferred tax liability	561	9,951
Deferred tax (assets) expected to be recovered within 12 months	(15,821)	(1,105)
Deferred tax liabilities expected to be recovered after more than 12 months	16,382	11,056
	561	9,951

Of the movement in deferred tax liabilities, $0.4m was recognised to other comprehensive income in the current year (2013: $1.1m).

	2014	2013
(e) Unrecognised deferred tax assets		
The potential deferred tax asset not brought to account is:		
Unrecognised tax losses	30,690	-
Deductible temporary differences not recognised	51,784	42,465

The group has recorded deferred tax assets arising from tax losses to the extent that they will be utilised by the reversal of taxable temporary differences.

The unrecorded tax losses of $30.7m are available for utilisation by the entity, and their utilisation is supported by the entity's tax forecasts. The Directors consider it prudent not to record these tax losses as their utilisation is not expected in the short term. However they will remain available indefinitely for offset against future taxable profits, subject to continuing to meet the statutory tax tests.

7 PROGRAM RIGHTS & INVENTORIES (CURRENT & NON-CURRENT)

	Consolidated 2014 $'000	Consolidated 2013 $'000
Program rights - Current	124,165	166,318
Program rights –Non-current	30,119	30,773
	154,284	197,091

Inventory expense
Inventories recognised as expense during the year ended 31 August 2014 amount to $362.1m (2013: $314.0m).

8 INTANGIBLE ASSETS

Television licences – closing net book value	732,854	785,701
Opening net book amount	785,701	1,077,822
Provision for impairment	(52,847)	(292,121)
Closing net book amount	732,854	785,701
Other identifiable intangibles – cost	1,965	1,965
Provision for impairment	(1,965)	(1,965)
	-	-
Total Intangible Assets	732,854	785,701

(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.

During the year ended 31 August 2014, an impairment loss of \$52.8m (2013: \$292.1m) was recorded. The television impairment charge reflects that the free-to-air television advertising market growth cycle remains low, and that the Company's share of that advertising market has reduced from the low point in the previous year, albeit showing some signs of recovery. 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
2014	732,854
2013	785,701

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 the FY15 board approved budget and, for the remaining four years over the five year forecast vary from year to year and a cumulative average growth rate of 7.5% (2013: 6.0%) 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% (2013: 3%) growth rate, which approximates long term CPI growth.

Discount rates

Pre tax discount rate of 12.86% (2013: 13.6%) 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.

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.

9 BORROWINGS (CURRENT AND NON-CURRENT)

	Consolidated 2014 $'000	Consolidated 2013 $'000
Current		
AUD senior unsecured notes	-	150,000
Non-current		
Bank Loan	95,185	-

(a) Bank Loan

The bank loan commenced to be drawn down on 26 February 2014. It comprises a $200m Revolving Cash Advance Facility ("Facility") with the Commonwealth Bank of Australia which is guaranteed by three major shareholders associated with Mr L Murdoch, Mr J Packer and Mr B Gordon ("Shareholder Guarantors").

The key features of the bank loan are consistent with the details reported as at 31 August 2013. These are set out below.

- 4 year $200m Revolving Cash Advance Facility with the Commonwealth Bank of Australia which expires in December 2017 and is fully secured against the assets of the consolidated entity.
- a 'covenant-lite' facility, with no financial covenants.
- the Facility is guaranteed by the Shareholder Guarantors.
- the Shareholder Guarantors are entitled to receive a fee at the end of the Guarantee Period (with the option of the fee being convertible into shares at their election at that time).
- the margin for the Facility, 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.
- a portion of the drawdown proceeds, along with existing cash reserves, were used to repay the existing $150m Senior Unsecured Notes prior to maturity (26 February 2014). At this time, the Company's undrawn $80m Revolving Cash Advance Facility was extinguished.
- the remainder of the proceeds have been and will be used for general working capital purposes.
- interest and commitment fees payable on drawn debt will be capitalised and paid at maturity of the 4 year facility.

(b) AUD Senior Unsecured Notes

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

On 26 February 2014, the Company's AUD $150m Senior Unsecured Notes were repaid in full. The majority of this repayment was from existing cash reserves.

(c) Risk Exposures

Details of the consolidated entity's exposure to risks arising from Current and Non-current Borrowings are set out in Note 17.

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

	Consolidated 2014 $'000	Consolidated 2013 $'000
10 PROVISIONS (CURRENT & NON-CURRENT)		
CURRENT		
Employee entitlements	12,581	12,977
Restructuring	20	3,047
Onerous contracts	27,292	27,888
Unearned Income	1,427	-
Other	1,000	236
	42,320	44,148
NON-CURRENT		
Employee entitlements	1,918	1,867
Make good	3,766	3,702
Onerous contracts	8,034	30,380
Unearned Income	8,801	5,031
Other	80	-
	22,599	40,980
	64,919	**85,128**

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

Consolidated – 2014 Current	**Unearned Income $'000 (a)**	**Onerous Contracts $'000 (c)**	**Restructuring $'000 (b)**	**Other $'000**	**Total $'000**
Carrying amount at beginning of year	-	27,888	3,047	236	31,171
Additional provisions recognised	-	-	7,665	850	8,515
Transfer from Non-Current Provision	1,427	30,545	-	(86)	31,886
Utilisation of provision	-	(33,984)	-	-	(33,984)
Unwinding of discount	-	2,981	-	-	2,981
Foreign Exchange	-	(138)	-	-	(138)
Payments	-	-	(10,692)	-	(10,692)
Carrying amount at end of year	1,427	27,292	20	1,000	29,739

Consolidated – 2014 Non-current	Unearned Income $'000 [(a)]	Make Good $'000	Onerous Contracts $'000 [(c)]	Other $'000	Total $'000
Carrying amount at beginning of year	5,031	3,702	30,380	-	39,113
Additional provisions recognised	5,197	-	8,828	-	14,025
Transfer to Current Provision	(1,427)	-	(30,545)	86	(31,886)
Unwinding of discount	-	209	-	(6)	203
Foreign exchange difference	-	(145)	(629)	-	(774)
Carrying amount at end of year	8,801	3,766	8,034	80	20,681

a. Unearned Income relates to funding receiving from the government for capital expenditure on equipment as a result of a change in the television spectrum.
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.

11 RECEIVABLES (CURRENT)

	Consolidated 2014 $'000	Consolidated 2013 $'000
Trade debtors	103,251	132,547
Provision for impairment of receivables	(247)	(2,219)
Provisions for advertising credits	(2,327)	(1,039)
	100,677	129,289
Loans and advances		
Associated companies	-	1
	-	1
	100,677	129,290

All receivables are non-interest bearing.

(a) Impaired trade receivables

As at 31 August 2014 current trade receivables of the consolidated entity with a nominal value of $0.2m (2013: $2.2m) were impaired. The amount of the provision was $0.2m (2013: $2.2m). 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.

The ageing of these receivables is as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000
1 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
Over 90 days	247	2,219
	247	2,219

Movements in the provision for impairment of receivables are as follows:

Opening balance	2,219	663
Provision for impairment recognised during the year	102	2,130
Receivables written off during the year as uncollectible	(1,035)	(574)
Unused amount reversed	(1,039)	-
At 31 August	247	2,219

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 2014, trade receivables in the consolidated entity of $0.9m (2013: $2.3m) 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	
	2014 $'000	**2013 $'000**
Up to 30 days overdue	-	-
31 to 60 days overdue	318	1,510
61 to 90 days overdue	101	101
Over 90 days overdue	497	663
	916	2,274

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 17.

(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.

12 OTHER ASSETS (CURRENT & NON-CURRENT)

	Consolidated 2014 $'000	Consolidated 2013 $'000
CURRENT		
Prepayments	3,413	7,226
Capitalised borrowing costs	-	219
Sundry debtors	-	33
	3,413	**7,478**
NON-CURRENT		
Deferred consideration	13,907	13,034
Capitalised borrowing costs	-	245
Other	200	194
	14,107	**13,473**

13 INVESTMENTS

	Consolidated 2014 $'000	Consolidated 2013 $'000
Investments in unlisted securities		
Investments accounted for using the equity method	4,414	5,580
Available-for-sale financial assets	13,230	1,414
	17,644	**6,994**

Equity accounted investments
During the year, the Company wrote down its $3.6m investment in Beamly Australia Pty Limited ("Beamly") to nil.

Available-for-sale investments
During the year, the Company sold its shares in Oasis Pty Limited to RSVP Australia Pty Limited ("RSVP") in exchange for both cash and shares in RSVP. The consolidated entity now holds a 14.7% share of RSVP which is valued at $13.2m. Refer to Note 17 for relevant fair value disclosures. This is classified as an available-for-sale asset.

Share of profit of equity accounted investments is made up of profit from continuing operations of individually immaterial associates of $1.028m.

	Consolidated 2014 $'000	Consolidated 2013 $'000
14 PROPERTY, PLANT AND EQUIPMENT		
Freehold land		
At cost	1,088	2,740
Freehold buildings		
At cost	3,015	7,061
Accumulated depreciation	(1,152)	(2,852)
	1,863	4,209
Leasehold improvements		
At cost	23,768	23,531
Accumulated depreciation	(8,349)	(6,775)
Provision for impairment	(57)	(61)
	15,362	16,695
Plant and equipment		
At cost	207,278	195,105
Accumulated depreciation	(167,454)	(157,064)
Provision for impairment	(7,146)	(7,447)
	32,678	30,594
Total property, plant and equipment		
Net book value	**50,991**	**54,238**

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:

	2014	2013
Freehold land		
Balance at beginning of year	2,740	2,740
Disposals	(1,652)	-
Balance at end of year	1,088	2,740
Freehold buildings		
Balance at beginning of year	4,209	4,444
Disposals	(2,124)	-
Depreciation	(222)	(235)
Balance at end of year	1,863	4,209
Leasehold improvements		
Balance at beginning of year	16,695	17,783
Additions	921	666
Disposals	(66)	-
Depreciation	(2,188)	(1,731)
Foreign currency exchange differences	-	38
Provision for impairment	-	(61)
Balance at end of year	15,362	16,695

	Consolidated 2014 $'000	Consolidated 2013 $'000
Plant and equipment		
Balance at beginning of year	30,594	45,153
Additions	15,221	8,036
Disposals	139	(439)
Foreign currency exchange differences	-	914
Depreciation	(13,215)	(15,623)
Provision for impairment	(61)	(7,447)
Balance at end of year	32,678	30,594

15 PAYABLES (CURRENT & NON-CURRENT)

	2014 $'000	2013 $'000
CURRENT		
Trade creditors	154,439	137,225
Other	-	224
	154,439	**137,449**
NON-CURRENT		
Trade creditors	49,283	43,832
	49,283	**43,832**

16 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES HELD AT FAIR VALUE

	Consolidated 2014 $'000	Consolidated 2013 $'000
Current Liabilities		
Interest rate and Interest rate swaps	482	-
Non-Current Liabilities		
Interest rate and Interest rate swaps	4,166	6,676
	4,648	6,676

(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 17 Financial Risk Management policies).

(i) Interest rate swap contracts

The bank loan and unsecured notes of the consolidated entity bear a weighted average variable interest rate of approximately 4.2% (2013: 4.3%). 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 90.5% (2013: 66.7%) of loan principal outstanding. The fixed interest rates range between 4.61% and 6.93% (2013: 4.37% and 6.93%) and the variable rates are at 90-day BBSW, which at balance date was 2.63% (2013: 2.59%).

At 31 August 2014, the notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	2014 $'000	2013 $'000
Less than 1 year	30,000	-
1 – 2 years	20,000	30,000
2 – 3 years	-	20,000
3 – 4 years	20,000	15,000
4 – 5 years	15,000	20,000
More than 5 years	-	15,000
	85,000	100,000

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

(i) Interest rate swap contracts (continued)

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 2014 a gain of $226k (2013: $311k gain) was transferred to the statement of comprehensive income which was recognised from cash flow hedges of floating rate debt. In 2013, the $311k gain included a $68k loss recognised from cash flow hedges of the USD Private Placement in (ii) below. The amount released from the cashflow hedge reserve during the period was $2.7m (2013: $4.9m).

Cash flow hedges recognised as hedge liabilities relate to floating rate debt and have a fair value of ($4.6m) (2013: ($6.7m)).

(ii) Prior year 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.

(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 17. 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.

17 FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks: market risk (including currency risk and fair value, and cash flow interest rate risk), credit risk and liquidity 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 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 insignificant exposure to foreign exchange risk arising from agreements being denominated in US dollars. 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. At reporting date, the consolidated entity did not have any material exposure to foreign currency risk. Note that the entity is exposed to translation risk only in relation to its Eye US operations, which have a USD functional currency.

Consolidated entity sensitivity

Based on the financial instruments held at 31 August 2014 and 31 August 2013, there would have been no material impact on the entity’s post-tax profit for the year or equity balances had the Australian dollar weakened / strengthened against any foreign currencies.

Foreign subsidiaries of the consolidated entity materially transact entirely in their functional currency and are not subject to foreign exchange transaction risk. They therefore do not have an impact on the profit and loss of the consolidated entity as a result of changes in the value of the AUD.

(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 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.

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

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

	31 August 2014		**31 August 2013**	
	Weighted average interest rate	**Balance**	**Weighted average interest rate**	**Balance**
	%	**$'000**	**%**	**$'000**
Borrowings ^	4.2%	93,910	4.3%	150,000
Interest rate swaps *	5.2%	(85,000)	5.5%	(100,000)
		8,910		**50,000**
^ Made up of:				
Bank Loans		93,910		-
AUD senior unsecured notes		-		150,000
		93,910		**150,000**

* Notional principal amounts.

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

Consolidated entity sensitivity

At 31 August 2014, 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 $0.12m lower / $0.10m higher (2013: -/+ 100 bps: $0.48m lower / $0.48m higher). The profit impact for 2014 and 2013 is mainly the result of lower / higher interest rate revenue from borrowings net of cash.

Other components of equity would have been $1.12m lower / $1.10m higher (2013: $2.12m lower / $2.04m 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 2014, the consolidated entity had 6 customers totalling $58m (2013: 9 customers - $92m) that owed the consolidated entity more than $5 million each which accounted for 57.6% (2013: 71.6%) of all receivables owing.

As at 31 August 2014, approximately 65% (2013: 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.

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 2014, approximately 87% (2013: 99%) of cash balances and 100% (2013: 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	
	$'000	**$'000**
Floating rate		
Expiring within one year	-	5,000
Expiring beyond one year	106,090	80,000
	106,090	**85,000**

Subject to the continued compliance with obligations under the bank facility agreement, the bank loan facilities may be drawn at any time and have an average maturity of 3.3 years (2013 – 2.2 years).

In 2013, the table above included $5m of bank overdraft facilities which was able to be drawn at any time and terminated by the bank without notice.

(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.

Consolidated entity At 31 August 2014 $'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	154,439	49,283	-	-	203,722	203,722
Borrowings						
Variable rate#	-	-	106,900	-	106,900	95,185
Fixed rate	-	-	-	-	-	-
Financial Guarantee contracts*	109,709	27,703	18,463	24,251	180,126	-
Total non-derivatives	**264,148**	**76,986**	**125,363**	**24,251**	**490,748**	**298,907**
Derivatives						
Interest rate swaps (net-settled)	2,354	1,525	1,511	-	5,390	4,648
Total derivatives	**2,354**	**1,525**	**1,511**	**-**	**5,390**	**4,648**

* 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.

Under the Company's $200m Revolving Cash Advance Facility agreement, interest will capitalise and be added to the principal amount of that Loan. Capitalised interest is repayable to the extent that such capitalisation causes drawn debt to exceed the available facilities, or on the date of maturity of the agreement. In the table above, capitalised interest is shown to be repaid at maturity of the loan agreement (23 December 2017).

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	137,449	43,832	-	-	181,281	181,281
Borrowings						
Variable rate	4,890	5,384	152,716	-	162,990	150,000
Fixed rate	-	-	-	-	-	-
Financial Guarantee contracts	115,702	44,785	40,887	29,322	230,696	-
Total non-derivatives	**258,041**	**94,001**	**193,603**	**29,322**	**574,967**	**331,281**
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**

(d) Borrowings

The difference between carrying amount and fair value of borrowings is set out below. The fair value for non-current borrowings is based on discounted cash flows using the rates as disclosed. They are classified as level 3 fair values in the fair value hierarchy (see Note 17(e)) due to the use of unobservable inputs, including own credit risk.

	2014			2013		
	Carrying amount $'000	**Fair value $'000**	**Disc. Rate %**	Carrying amount $'000	Fair value $'000	Disc. Rate %
Current borrowings	-	-	-	150,000	132,707	9.88%
Non-current borrowings	95,185	68,631	9.93%	-	-	-

In 2013, the AUD $150m Private Placement loan that matured in December 2015 was classified as current borrowings on the basis that the then proposed refinancing package would be approved by shareholders and that this borrowing would be repaid prior to maturity.
For the purposes of calculating fair value above, the loan was discounted from the contracted maturity date of December 2015.

(e) 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 2014.

Consolidated entity At 31 August 2014	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets - Investment in unlisted securities	-	-	13,230	13,230
Liabilities - Derivatives	-	4,648	-	4,648

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

The Consolidated entity did not hold any level 1 instruments as at 31 August 2014. There have been no transfers between levels in the current year. Valuation techniques for Level 2 and 3 instruments are discussed below.

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.

(i) Level 2 Instruments

Included as level 2 instruments is 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.

(ii) Level 3 Instruments

The level 3 available-for-sale financial asset, being an unlisted investment, was acquired during the year. The valuation of the investment is based on the transacted acquisition price between willing buyers and sellers in a transaction that occurred close to year end. There is no indication of the fair value having changed between the transaction date and year end.

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
18 CONTRIBUTED EQUITY			
(a) Share capital			
2,586,970,845 ordinary shares fully paid (2013: 2,586,970,845)	(c)	2,781,647	2,781,647
(b) Other equity securities			
Treasury shares			
98,962 (2013: 460,041) ordinary shares fully paid	(e)	(93)	(544)
		2,781,554	2,781,103

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

Date	Details	Number of Shares	Issue Price	$'000
31.08.13	Balance 31 August 2013	2,586,970,845		2,781,647
	Ten Executive Incentive Plan* (note 25)	42,214,356	$0.33	-
	Ten Executive Incentive Plan* (note 25)	1,799,395	$0.34	-
31.08.14	**Balance 31 August 2014**	**2,630,984,596**		**2,781,647**
31.08.12	Balance 31 August 2012	1,437,204,873		2,556,683
18.12.12	Capital Raising – Institutional Offer (d)	875,123,898	$0.20	175,025
29.01.13	Capital Raising – Retail Offer (d)	274,642,074	$0.20	54,928
28.02.13	Equity Raising Costs (d)			(7,127)
28.02.13	Deferred tax benefit recognised directly into equity (d)			2,138
31.08.13	**Balance 31 August 2013**	**2,586,970,845**		**2,781,647**

* The Loan Funded Shares issued under the Ten Executive Incentive Plan have been accounted for as options in line with AASB 2 Share-Based Payment. While the fair value of the issued shares are expensed over the vesting period with a corresponding increase in equity reserves, no value is recognised in share capital until the shares vest.

(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.

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.

(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
31.08.13	Balance 31 August 2013	460,041	544
1.09.13	Employee Share Scheme Vesting	(166,186)	(268)
1.09.13	Employee Share Scheme Vesting	(186,084)	(175)
1.09.13	Shares Forfeited	(8,808)	(8)
31.08.14	**Balance 31 August 2014**	**98,963**	**93**
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**

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 17 (c).

19 RESERVES

	Consolidated 2014 $'000	Consolidated 2013 $'000
Foreign currency translation	22,448	21,558
Hedging reserve	(3,159)	(4,273)
Share-based payment reserve	2,695	1,489
Equity Reserve	1,840	1,840
Conversion reserve	(1,217,645)	(1,217,645)
	(1,193,821)	**(1,197,031)**
Movements during the year		
Foreign currency translation		
Balance at beginning of year	21,558	14,845
Net translation adjustment	890	6,713
Balance at end of year	22,448	21,558
Hedging reserve		
Balance at beginning of year	(4,273)	(6,923)
Revaluation	1,591	3,786
Deferred tax	(477)	(1,136)
Balance at end of year	(3,159)	(4,273)
Share-based payment reserve		
Balance at beginning of year	1,489	2,101
Issue of shares to employees	(451)	(612)
Sale of shares	-	-
Employee share plan expense	1,657	-
Balance at end of year	2,695	1,489
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)

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 entity.

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.

20 CONTROLLED ENTITIES

The consolidated entity's principal subsidiaries at 31 August 2014 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the consolidated entity, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business, which is Australia unless otherwise noted below.

	Ordinary Share Consolidated Entity Interest	
	2014 %	**2013 %**
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 (Adelaide) Pty Limited (i)	100.0	100.0
ElevenCo Pty Limited (33.3% held by NCI)	66.7	66.7
Network Ten (Perth) Pty Limited (i)	100.0	100.0
Eye Corp (USA) Inc (incorporated in the USA on 3 January 2006)	100.0	100.0

(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 29.

21 EARNINGS PER SHARE

	Consolidated 2014 Cents	Consolidated 2013 Cents
Basic earnings per share	**(6.51)**	**(12.88)**
- From continuing operations	(6.51)	(12.69)
- From discontinued operations	-	(0.19)
Diluted earnings per share^	**(6.51)**	**(12.88)**
- From continuing operations	(6.51)	(12.69)
- From discontinued operations	-	(0.19)

	Consolidated 2014 Number	Consolidated 2013 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	2,586,853,514	2,212,013,426
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share ^	2,586,853,514	2,212,013,426

Reconciliations of Earnings Used in Calculating Earnings Per Share
Basic and Diluted Earnings per Share

	Consolidated 2014 $'000	Consolidated 2013 $'000
(Loss) from continuing operations	(163,469)	(274,023)
Profit from continuing operations attributable to non-controlling interest	4,846	6,871
Loss attributable to the ordinary equity holders of the consolidated entity used in calculating basic and diluted earnings per share	(168,315)	(280,894)

^: The number of shares used in calculating diluted EPS considers the potential impact of new shares issued under the Ten Executive Incentive Plan which commenced in the 2014 year as well as treasury shares (which represent awards to certain senior executives under the Ten Deferred Incentive Plan and are disclosed as an offset in contributed equity in the balance sheet). Performance rights are not considered to be dilutive based on the assumption that any associated shares will be purchased on-market. For the year ended 31 August 2014 and 2013, the impacts of the above are not included because they are anti-dilutive.

	Consolidated 2014 Number	Consolidated 2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,586,853,514	2,212,013,426
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	2,586,853,514	2,212,013,426

22 KEY MANAGEMENT PERSONNEL DISCLOSURES

Key Management Personnel compensation

	Consolidated 2014 $	Consolidated 2013 $
Short-term employee benefits	4,182,731	6,062,175
Termination benefits	-	1,148,234
Post-employment benefits	152,241	177,304
Share-based payments	799,397	-
	5,134,369	7,387,713

Detailed remuneration disclosures are provided in the remuneration report on pages 12 to 23.

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

During the financial year, the companies in the group entered into agreements in respect of the purchase of television airtime (through an advertising agency) on normal commercial terms and conditions by related entities of the Directors. No such transactions were entered into with other Key Management Personnel, including their personally related entities.

	2014 $	2013 $
Amounts recognised as revenue		
Sale of television airtime to related entities of Directors	18,022,684	21,976,235
Other television revenue	4,669,195	7,112,383
	22,691,879	29,088,618
Outstanding receivable balances	2,846,633	4,499,870

During the financial year, companies in the group entered into agreements in respect of the sale of program rights on normal commercial terms and conditions to related entities of Directors.

	2014 $	2013 $
Amounts recognised as an expense		
Program Rights	117,909,922	75,443,381
Other expenses	3,572,072	640,547
	121,481,994	76,083,928
Outstanding payable balances	60,408,286	151,920

Other transactions with Key Management Personnel of the consolidated entity

There were no transactions with Key Management Personnel during the year ended 31 August 2014. During the year ended 31 August 2013, a director, Mr PR Mallam, a director and principal of Mallam Lawyers Pty Limited provided $990 of legal services to the Company.

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

23 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	
	2014	**2013**
	$	**$**
(a) PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	417,046	429,158
Other audit related services	23,000	308,950
Taxation Services		
Tax compliance services	215,000	187,773
Other tax services	21,419	118,306
Other services		
Advisory services	92,000	399,058
Total remuneration of PricewaterhouseCoopers Australia	768,465	1,443,245
(b) Related practices of PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports	20,000	27,804
Other audit related services	-	1,300
Total remuneration of related practices of PricewaterhouseCoopers Australia	20,000	29,104
Total auditors' remuneration	**788,465**	**1,472,349**

24 COMMITMENTS

(a) Capital expenditure commitments

	Consolidated 2014 $'000	Consolidated 2013 $'000
Amounts contracted but not provided for:		
Within one year	6,255	10,783
Later than one year and not later than five years	-	-
	6,255	10,783

(b) Program expenditure commitments

	2014 $'000	2013 $'000
Amounts contracted but not provided for:		
Within one year	195,731	142,787
Later than one year and not later than five years	519,644	514,145
Later than five years	227,847	276,747
	943,222	933,679

(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.

	2014 $'000	2013 $'000
Minimum lease payments contracted but not provided for:		
No later than one year	51,425	40,422
Later than one year and not later than five years	81,353	87,424
Later than five years	33,321	39,442
	166,099	167,288

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.

25 SHARE-BASED PAYMENTS

Ten Executive Incentive Plan

This is a new plan established during 2014 following shareholder approval in December 2013. Under the Executive Incentive Plan, eligible senior executives are permitted to borrow, from the Company or a subsidiary, an amount and use that amount to subscribe for ordinary shares in the Company to be newly issued under the Plan ("Loan Funded Shares").

The Loan Funded Shares are issued at market value on or around the commencement of the financial year. The number of Loan Funded Shares to which a senior executive is entitled is calculated by dividing the long-term component of the executive's incentive by the fair value of a Loan Funded Share as determined by the Remuneration Committee.

Interest is payable on amounts lent under the Plan equal to the cash amount of dividends paid on the Loan Funded Shares, unless otherwise specified in the issue terms.

The release of the Loan Funded Shares is conditional on satisfaction of performance hurdles (set out below) at the end of a 3 year performance period.

- 50% of potential incentive based on Ten's revenue share performance at the conclusion of the 3 year performance period.
- 50% of potential incentive based on Ten's EPS in the final year of the performance period.

To the extent that the conditions applicable to the Loan Funded Shares are met, the Loan Funded Shares will be able to be withdrawn from the Plan as indicated in the issue terms over 3 years. These terms allow for 60% of the Loan Funded Shares to be withdrawn immediately following the conclusion of the performance period, a further 20% of the Loan Funded Shares to be withdrawn at the 12 month anniversary of the conclusion of the performance period and a further 20% of the Loan Funded Shares to be withdrawn at the 24 month anniversary of the conclusion of the performance period. When Loan Funded Shares are withdrawn from the Plan, either the participant will need to repay the relevant loan or the Company will cause the Loan Funded Shares to be sold or otherwise disposed of and the proceeds will be used to repay the loan. Any excess of the disposal proceeds over the loan amount will benefit the participant.

If conditions applicable to Loan Funded Shares are not met, the relevant Loan Funded Shares will be forfeited and sold, bought-back or cancelled. No benefit will accrue to participants in this circumstance.

Amounts lent under the Plan are limited recourse so that, should the market value of the Company's shares, at the time the Loan Funded Shares are withdrawn from the Plan, fall below the market value at the time of issue of the Loan Funded Shares, or fail to satisfy the performance hurdle in the Plan, participants will not have to meet any shortfall.

On the occurrence of specified liquidity events (such as a Board recommended takeover or acquisition of more than 50% of the voting power in the Company), the offer conditions will generally be deemed to be satisfied.

Under AASB 2 these Loan Funded Shares have been accounted for as options issued with an exercise price equal to the market value share price on grant date. Once the Loan Funded Shares are eligible to be withdrawn from the Plan, the loan must be repaid within 180 days from that date.

Set out below is a summary of Loan Funded Shares granted under the plan during the year:

Grant Date	Exercise price per Loan Funded Share (accounted for as an option)	Expiry date	Number of Loan Funded Shares outstanding but not exercisable at the end of the period
As at 1 September 2013			-
18 December 2013	$0.3319	27 February 2017	25,328,614
		27 February 2018	8,442,871
		27 February 2019	8,442,871
19 February 2014	$0.3412	27 February 2017	1,079,637
		27 February 2018	359,879
		27 February 2019	359,879
As at 31 August 2014			44,013,751

No Loan Funded Shares expired or were forfeited or exercised during the period.

The fair value of the Loan Funded Shares granted during the year ended 31 August 2014 is $0.102 for those granted 18 December 2013 and $0.124 for those granted 19 February 2014. The fair value at grant date is independently determined using a Binomial option pricing model.

On 3 September 2014, 81,980,736 Loan Funded Shares were issued at an exercise price of $0.2568 per share and fair value of $0.094. These relate to the 2015 entitlement of Loan Funded Shares under the Ten Executive Incentive Plan.

Legacy Ten Long Term Incentive Plan (“LTIP”) (suspended)

During 2014, 277,147 LTIP performance rights were forfeited due to performance hurdles not being met. At the end of the period, a total of 278,481 LTIP performance rights remain outstanding and unvested to one remaining Key Management Personnel, with a final testing date of 31 August 2015.

During 2011 and 2012, the LTIP was provided to a limited number of executives and provides for awards of performance rights. These rights are subject to the following performance hurdles:

- A relative Total Shareholder Returns (TSR) hurdle applies to 50% of the performance rights awarded.
- An Earnings per Share (EPS) hurdle applies to the remaining 50% of the rights awarded.

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. If the entire award has not vested at the end of the three year performance period.

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 the participants. TEN will determine whether it will issue new TEN shares or acquire TEN shares on-market to satisfy the Rights.

This plan has been suspended.

Legacy Ten Deferred Incentive Plan (“DIP”) (suspended)

At the end of the period, a total of 98,970 DIP shares remain unvested to one remaining Key Management Personnel. These vested on 1 September 2014.

In years prior to 2011, a limited number of senior Executives were invited to participate in a deferred incentive share plan.

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

Shares equal to the incentive amount were 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 the executive is 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.

This plan has been suspended.

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

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Executive Incentive Plan – Employee share expense	1,480	-
Long Term Incentive Plan - Performance rights expense/(benefit)	144	(147)
Deferred Incentive Plan - Employee share rights expense	33	147
	1,657	-

26 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 20.

Key Management Personnel
Key Management Personnel disclosures relating to Key Management Personnel are set out in Note 22.

27 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	
	2014	**2013**
	$'000	**$'000**
Unsecured guarantees by the Company, and other entities in the consolidated group in respect of leases of controlled entities in the group [i]	180,126	230,696
	180,126	230,696

[i] The Company has back to back unsecured guarantees from third parties in relation to $84.4m (2013: $98.0m) 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.

28 NOTES TO THE STATEMENTS OF CASH FLOWS

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

	Consolidated 2014 $'000	Consolidated 2013 $'000
Loss after income tax	(163,469)	(278,122)
Non-cash expenses	28,898	51,425
(Gain) / Loss on sale of other non-current assets	(7,047)	243
(Gain) / Loss on sale of investments	(14,253)	5,091
Impairment of intangible assets	52,847	292,122
Net decrease in provisions	(9,894)	(7,938)
Net decrease in deferred tax	(8,748)	(54,929)
Net (decrease)/increase in accrued revenue and expense items in (receivables)/payables	85,537	(62,107)
Net cash flows from operating activities	(36,129)	(54,215)

29 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 20 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.

	2014 $'000	2013 $'000
Revenue from ordinary activities	601,625	626,370
Television costs	(699,636)	(651,649)
Corporate costs	(1,520)	(1,574)
Finance costs	(15,396)	(15,136)
Impairment of intangible assets	(52,847)	(292,122)
Net (Loss) before income tax	(167,774)	(334,111)
Income tax benefit/(expense)	2,907	56,051
Net (Loss) after income tax	(164,867)	(278,060)
Profit attributable to non-controlling interests	4,846	6,871
(Loss) for the year	(169,713)	(284,931)
(Loss) for the year	(169,713)	(284,931)
Other comprehensive income		
AASB 139 hedge reserve	1,114	2,650
Total comprehensive income after income tax	(168,599)	(282,281)
Accumulated losses at the beginning of year	(576,608)	(286,082)
Adjustment to opening accumulated losses	-	(5,595)
Dividends provided or paid	-	-
AASB 139 hedge reserve	(1,114)	(2,650)
Retained earnings at the end of year	(746,321)	(576,608)

	2014 $'000	2013 $'000
Balance Sheet		
Cash assets	11,730	120,520
Receivables	96,876	124,928
Inventories	124,144	168,233
Current tax assets	1,149	26,628
Other	2,649	2,705
Total current assets	236,548	443,014
Receivables	76,653	74,963
Inventories	30,119	30,773
Other financial assets	17,406	6,305
Property, plant and equipment	50,980	54,226
Intangibles	732,854	785,701
Other	14,107	13,473
Total non-current assets	922,119	965,441
Total assets	1,158,667	1,408,455
Payables	151,459	131,279
Derivative financial instruments	482	-
Borrowings	-	150,000
Provisions	23,453	36,582
Total current liabilities	175,394	317,861
Payables	49,283	43,832
Borrowings	95,185	-
Derivative financial instruments	4,166	6,676
Deferred tax liabilities	561	39,722
Provisions	13,689	11,794
Total non-current liabilities	162,884	102,024
Total liabilities	338,278	419,885
Net assets	820,389	988,570
Contributed equity	2,361,057	2,361,057
Reserves	(795,961)	(799,184)
Retained earnings	(746,321)	(576,608)
Non-controlling interest	1,614	3,305
Total Equity	820,389	988,570

30 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
2014					
November dividend paid	Nil				
June dividend paid	Nil	-	-	-	-
2013					
November dividend paid	Nil				
June dividend paid	Nil	-	-	-	-

A dividend of $3.3m was paid to CBS Studios Inc. on 19 December 2013, which represents their share of ElevenCo Pty Limited's 2013 net profit. A dividend of $3.2m was paid to CBS Studios Inc. on 2 June 2014, which represents their share of ElevenCo Pty Limited half year 2013 net profit.

	The Company 2014 $'000	The Company 2013 $'000
Dividend franking account		
Franking credits (30%) available for the subsequent financial year	18,861	13,562

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.

31 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

	Company	
	2014	**2013**
	$'000	**$'000**
Balance sheet		
Current assets	31,648	31,027
Total assets [(i)]	867,001	1,068,459
Current liabilities	62,306	32,411
Total liabilities	62,306	32,411
Shareholders equity		
Issued capital	2,782,386	2,782,386
Accumulated Losses	(1,977,691)	(1,746,338)
	804,695	1,036,048
(Loss) for the year [(i)]	(231,352)	(600,255)
Total comprehensive (loss)	(231,352)	(600,255)

[(i)] Included in the loss for the year is an impairment write down of $199.6m (2013: $599m) 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 12.86% (2013 13.6%). The write down relates to 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 2014 and 31 August 2013. The maximum payments under these guarantees are $151.0m as at 31 August 2014 (2013: $187.5m).

In addition, the Company has given a cross guarantee as described in Note 29.

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

As at 31 August 2014, the Company had no contractual commitments for the acquisition of property, plant or equipment (2013: Nil).

32 DISCONTINUED OPERATIONS

During year ended 31 August 2013, 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.

(i) Financial performance and cash flow information

The financial performance and cash flow information are presented as follows:

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Revenue	-	19,501
Other income	-	-
Expenses [(i)]	-	(25,435)
Profit before income tax	-	(5,934)
Income tax benefit/(expense)	-	1,835
Profit after income tax of discontinued operation	**-**	**(4,099)**
Net cash (outflow) / inflow from operating activities	-	(5,179)
Net cash (outflow) from investing activities	-	(6,203)
Net cash inflow from financing activities	-	8,367
Effects of exchange rate changes on cash and cash equivalents	-	22
Net (decrease) / increase in cash generated by the discontinued operation	**-**	**(2,993)**

[(i)] Included in 2013 Expenses is a non-recurring loss of $5.1m on the sale of Eye Corp Pty Limited.

33 SUBSEQUENT EVENTS

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 2014 of the consolidated entity; or
- the results of those operations; or the state of affairs in financial years subsequent to 31 August 2014 of the consolidated entity.

DIRECTORS' DECLARATION

31 AUGUST 2014

In the directors' opinion:

a) the financial statements and notes set out on pages 44 to 101 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 2014 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 29 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 29.

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 16 October 2014 in accordance with a resolution of the Directors.

HR McLennan
Executive Chairman

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 2014, 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 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. Those 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 2014 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 12 to 23 of the Directors' report for the year ended 31 August 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

S. Horlin

SG Horlin
Partner

Sydney
16 October 2014