TEN NETWORK HOLDINGS LIMITED

ABN 14 081 327 068

Appendix 4E

Preliminary Final Report

Year ended: 31 August 2015

Previous corresponding period: 31 August 2014

Results for Announcement to the Market

	2015 $'000	2014 $'000	Change %
Revenue from continuing operations	654,139	625,967	4.5%
(Loss) for the period from ordinary activities after tax attributable to members	(312,248)	(168,315)	-85.5%
(Loss) for the period attributable to members	(312,248)	(168,315)	-85.5%

No dividends/distributions were declared or paid to the members of Ten Network Holdings Limited during or subsequent to the year ended 31 August 2015.

The 2015 result included net non-recurring items of $262.9m ($261.8m after tax) as disclosed in Note 3.

The 2014 result included net non-recurring items of $54.2m ($52.9m after tax) as disclosed in Note 3.

	31 August 2015 $'000	31 August 2014 $'000
Net tangible asset backing per ordinary share	($0.03)	($0.01)
Net asset backing per ordinary share	$0.16	$0.28

Refer to attached Media Release for discussion of results. Additional Appendix 4E requirements can be found in the Directors' Report, the 31 August 2015 Annual Report and accompanying notes.

Annual Meeting

The annual meeting will be held as follows:

Place	Ballroom 1 at the Four Seasons Hotel Sydney, 199 George Street, Sydney
Date	Wednesday 16 December 2015
Time	10:00am
Approximate date the annual report will be available	Monday 16 November 2015

TEN NETWORK HOLDINGS LIMITED

ANNUAL REPORT

For the year ended 31 August 2015

ABN 14 081 327 068

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 31 AUGUST 2015
ABN 14 081 327 068

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

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

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
31 AUGUST 2015

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 2015.

Directors

The Directors that have been in office at any time during or since year end are:

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

[A]: Mr DL Gordon was appointed as Chairman effective 27 July 2015.
[B]: Mr J Klepec appointed as Director effective 3 November 2014.
[C]: Mr HR McLennan resigned as Executive Chairman effective 27 July 2015.
[D]: Mr PR Mallam resigned as Director effective 29 November 2014.
[E]: Ms GH Rinehart resigned as Director effective 31 October 2014.

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, a national online media platform, and out-of-home advertising in the United States of America.

Operating and Financial Review

In July 2015 Hamish McLennan resigned as Chief Executive Officer and Executive Chairman. David Gordon was appointed Chairman and Paul Anderson was promoted from the Chief Operating Officer role to Chief Executive Officer. The Management Team supporting the CEO has been stable over the period.

In June 2015 the Company and The Multi Channel Network Pty Ltd (MCN) announced a long-term agreement for MCN to represent the Company's television, catch-up and digital properties for advertisers. MCN commenced sales representation on behalf of the Company from 1 September 2015. The agreement allows the Company to gain scale, new efficiencies, improved data capability and broader integration opportunities for advertising clients.

The Company grew ratings and revenue through 2015, resulting from the clear strategic focus on:

- Event television
- Premium live sport
- 25-54 demographic
- Consistency in program schedules
- Development of new formats
- Expansion of digital platforms and revenue.

The strategic focus has resulted in strengthening of programming across the schedule, providing improved revenue and rating performance in the 2015 calendar year with approximately 67% of all time-slots in prime time showing year on year growth.

Financial Performance and Highlights

A summary of the consolidated results for the year ended 31 August 2015 are set out as follows:

	2015 **\$'000**	**2014** \$'000
(Loss) before income tax (i)	(305,050)	(166,606)
Income tax (expense)/benefit (ii)	(3,400)	3,137
(Loss) for the year	**(308,450)**	**(163,469)**
Profit attributable to non-controlling interests	3,798	4,846
(Loss) attributable to members of the Company	**(312,248)**	**(168,315)**

(i) Includes \$262.9m net loss of individually significant items that are non-recurring in nature in 2015 (2014: \$54.2m).
(ii) Includes \$1.1m of non-recurring tax benefit in 2015 (2014: \$1.3m tax benefit).

For the year ending 31 August 2015, the Company reported a net loss after tax of \$308.5m (2014: loss of \$163.5m). This included \$262.9m net loss of individually significant items that are non-recurring in nature (2014: \$54.2m).

The Company's revenues from continuing operations grew 4.5% to \$654.1m (2014: \$626.0m).

The Company's Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) before non-recurring items for 2015 was a loss of \$12.0m (2014: loss of \$79.3m).

The Company's net cash outflows generated from operating activities in 2015 was \$55.0m (2014: net cash outflow of \$38.7m).

Expenses in the television segment decreased year on year. 2014 programming costs included the *XXII Olympic Winter Games* in Sochi and *XX Commonwealth Games* in Glasgow, not occurring in 2015. Operating cost savings were realised in 2015, resulting from the news and operational restructures in 2014 and ongoing strict cost control.

The net operating loss after tax from continuing operations included the following revenue and costs that are significant and non-recurring in nature:

- \$251.2m impairment of the television licence
- \$6.7m provision for onerous sports contracts in Eye Corp's US business
- \$6.3m of restructuring costs.

Partially offset by the following revenue item:

- \$1.3m gain on sale of Our Deal Pty Limited.

Total borrowings (all non-current) was $154.9m as at 31 August 2015 which includes:

- A bank loan of $135m drawn on the $200m Revolving Cash Advance Facility
- Capitalised interest and commitment fees of $10.8m
- Shareholder guarantor fees of $11.2m
- Less: Capitalised transaction costs of $2.1m

Net debt relating to the Company's Revolving Cash Advance Facility at 31 August 2015 was $131.4m (loan of $135m, capitalised interest and commitment fees of $10.8m less cash of $14.4m).

Total cash and equivalents of $14.4m as at 31 August 2015 was $0.9m above the prior year.

Cash outflows from operating activities of $55.0m are driven by the operating loss for the period, partly offset by the reduction of interest paid due to the capitalisation of interest costs for the full year compared to six months in the prior year. These will be payable on maturity of the bank facility in December 2017.

Cash inflows from investment activities of $14.8m represent the deferred consideration received in December 2014 in relation to the sale of Eye Corp Pty Limited in November 2012, funding received in the form of a government grant as a result of a change in television spectrum, as well as proceeds from the sale of Our Deal Pty Limited, offset by fixed asset additions. Prior year investing cash inflows included proceeds from the sale of the Perth property and Oasis.

Cash inflows from financing activities of $40.3m are mainly due to net loan drawdowns and repayments made on the $200m Revolving Cash Advance Facility. Prior year financing activities also included the repayment of the A$150m US Private Placement Facility.

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 following a $251.2m impairment loss booked during the year.
- The Onerous contracts provision reduced from $35.3m in 2014 to $18.0m, reflecting the utilisation of $24.0m provisions in 2015 (including an interest charge for the unwinding of the provisions and foreign exchange), and $6.7m additional provisions recognised as non-recurring charges.

Operational Highlights

In 2015 the Company continued its strategy focusing on Event TV, including premium sport, aimed at people aged 25 to 54.

For the 2015 survey year to August, TEN primary channel and Network Ten have achieved their biggest audiences in total people and 25-54s since 2012 and their highest commercial share in total people and 25-54s since 2011. TEN is the only commercial primary channel and Network Ten is the only commercial network to grow in total people (OzTAM, 5 City Metro, Zone 1, Weeks 7-35 2015 vs. 2014, excl. Easter).

Business and Strategic Risks

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

- Failure of the MCN partnership to generate sufficient sales revenue, with negative impacts on revenue and cash flow. The Company has developed strong communication channels and reporting protocols with MCN to mitigate this risk along with retaining key sales management at the Company working with MCN to ensure the relationship operates effectively.

- The Company is unable to negotiate and secure funding to refinance debt as a result of internal and external influences. The Company launched a share entitlement offer to existing shareholders alongside an issue of new shares to Foxtel, which is expected to raise up to $154 million of gross proceeds. See Events Subsequent to Balance Date note for further details.
- An inability to secure and develop appropriate program rights, from both the domestic and overseas market, that generate ratings and in turn, revenues. Controls over the selection, commissioning and approval of content mitigate this risk, with programming decisions backed by research and executive approval to ensure spend is aligned to the strategic plan.
- Inability to react to structural changes and market pressures in the free to air advertising market. To mitigate this risk, the Company continues to invest in and develop the Company's digital platform (tenplay); has entered into an SVOD Option Agreement with Presto; and follows a structured approach to reviewing investment opportunities to capitalise on new and emerging trends.
- 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.

Business Strategies and Outlook

The 2015 strategic focus has been on prime time for the TEN primary channel, delivering a consistent schedule across the survey year, with the continued focus on the 25-54 demographic, supported by tenplay.

The Company invested in Event TV programming through 2015 across premium sport with the *T20 Big Bash League* cricket competition, *V8 Supercars* (new to 2015), *Formula One*, *MotoGP* and *RPM*.

Investment in general entertainment content across proven domestic franchises continued in 2015 with *MasterChef Australia*, *The Bachelor* and *The Living Room*. *Family Feud* continued to grow consistently, lifting the 6.00pm prime time weekday audience and contributing to a lift in audience and commercial share in *The Project.* Successful new franchises launched in 2015 included *I'm a Celebrity .. Get Me Out of Here!*, *Shark Tank*, *GoggleBox Australia* and *The Great Australian Spelling Bee*.

Investment in domestic production continues in 2016 with the return of *Offspring* and the launch of *The Bachelorette Australia*.

Television is no longer purely a linear viewing experience and the tenplay digital platform represents the first phase of the Company's 'TV Everywhere' strategy. tenplay takes content across multiple screens with deeper audience engagement. tenplay has surpassed 2 million downloads of its mobile device app across Android, iOS and Windows devices, and reach extends across smart TVs, Microsoft's Xbox 360, Xbox One platforms and through FreeviewPlus, Apple TV and Fetch TV. The Company's digital advertising revenue increased 21% over the past year with premium advertising rates across the online inventory.

Demand in the television advertising market remains subdued, characterised by short-term booking cycles. Despite these conditions, the Company's television revenue grew by 4.6% in 2015.

The Company will continue to strengthen the schedule and provide improved ratings performance across key timeslots and demographics, focussing on the 25-54s, fresh formats, cost effective local production, premium sporting events and a leading digital platform.

The Company continues to focus on strict cost control, identifying efficiencies to work more productively.

Dividends

The Company did not pay any dividends during the period.

Significant Changes in the State Of Affairs

In June 2015 the Company and The Multi Channel Network Pty Ltd (MCN) announced a long-term agreement for MCN to represent the Company's television, catch-up and digital properties for advertisers. MCN commenced sales representation on behalf of the Company from 1 September 2015. The agreement allows the Company to gain scale, new efficiencies, improved data capability and broader integration opportunities for advertising clients. The Company will become a 24.99% shareholder in MCN and have a seat on the MCN board.

Events Subsequent to Balance Date

On 22 October 2015, approval was received from the Australian Competition and Consumer Commission ('ACCC') and the Australian Communications and Media Authority ('ACMA') for the proposed equity raising transaction between Ten Network Holdings Limited and Foxtel Management Pty Limited ('Foxtel').

On 26 October 2015, the Company launched a fully underwritten pro-rata renounceable share entitlement offer to existing shareholders of up to $77m. This entitlement offer is to be conducted in conjunction with an issue of shares to Foxtel for gross proceeds of up to $77m which would result in Foxtel becoming a shareholder of up to 15%.

Settlement of the share entitlement offer and Foxtel placement are subject to the completion of certain customary conditions and other approvals, including from the Foreign Investment Review Board, which are expected to be obtained in the ordinary course.

No other 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 2015 of the consolidated entity; or
- the results of those operations; or the state of affairs in financial years subsequent to 31 August 2015 of the consolidated entity.

Information on Directors

David L Gordon	
Experience and expertise	Director since 1 April 2010. Mr Gordon is a former M&A partner at the Sydney law firm, Freehills (now Herbert Smith 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 and acted for a number of Australia's major media businesses over the last 30 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 and is a member of the Australian Institute of Company Directors.
Other current directorships	RCG Corporation Limited (appointed 19 October 2006)
Former directorships in last 3 years	None
Special responsibilities	Chairman – appointed 27 July 2015 Chairman of Remuneration Committee – appointed 17 September 2014
Interests in shares and options	Ordinary shares – 247,500

Brian J Long	
Experience and expertise	Director since 1 July 2010. Mr Long previously chaired the Global Governance and Advisory Council of EY and also chaired the Council for the firm's Oceania Area. He was a Partner of EY for almost 30 years and was one of the firm's most experienced audit partners. He retired from EY 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 Chairman of its Audit Committee and is also a Director of 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 directorships	Commonwealth Bank of Australia (appointed 1 September 2010) Brambles Limited (appointed 1 July 2014)
Former directorships in last 3 years	None
Special responsibilities	Deputy Chairman Member of Audit/Risk/Treasury Committee Member of Remuneration Committee Chairman of Board Performance and Renewal Committee
Interests in shares and options	Ordinary shares – 533,250

Jack J Cowin	
Experience and expertise	Director since April 1998. Mr Cowin is the Founder and Chairman of Competitive Foods Australia Limited, Director of Fairfax Media and BridgeClimb and the largest shareholder and Chairman of Domino's Pizza Enterprises. Mr Cowin is Chancellor Elect for Western University in London, Ontario.
Other current directorships	Fairfax Media Group Limited (appointed 19 July 2012) Domino's Pizza Enterprises Limited (appointed 20 March 2014)
Former directorships in last 3 years	Chandler Macleod Group (appointed 1 March 2011), delisted 7 April 2015.
Special responsibilities	Member of Remuneration Committee Member of Board Performance and Renewal Committee
Interests in shares and options	Ordinary shares – 2,475,000

Paul V Gleeson	
Experience and expertise	Director since February 1998. Mr Gleeson holds a Bachelor in Economics degree and is a member of the Institute of Chartered Accountants in Australia.
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Chairman of the Audit/Risk/Treasury Committee
Interests in shares and options	Ordinary shares – 2,938,274

Dean D Hawkins	
Experience and expertise	Director since 1 April 2010. 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 19 years. Mr Hawkins is Chairman of the Advisory Board at Skins Global Holdings AG and a strategic advisor to the media and telecommunications industries. His previous positions include Executive Director of Video Networks Limited (VNL), UK's first IPTV platform, Executive Director of Chello Media, a European broadband ISP and digital media company, and Managing Partner at the venture capital firm, OneVentures. 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 directorships	None
Former directorships in last 3 years	None
Special responsibilities	Member of the Audit/Risk/Treasury Committee
Interests in shares and options	Ordinary shares – 135,000

Christine W Holgate	
Experience and expertise	Director since 1 April 2010. Ms Holgate has over 30 years of diverse international experience leading in highly regulated industries, including healthcare, media, telecommunications and finance and is presently the Chief Executive Officer of Blackmores, appointed November 2008. September 2015, Ms Holgate was appointed Chairman of the ASEAN Australia Council Advisory Board by the Government. In 2013 Ms Holgate was honoured with the Rotary Paul Harris Award and in 2011 the (inaugural) International Executive Study Scholarship by Chief Executive Women and the Women's Leadership Institute Australia.
Other current directorships	Blackmores Limited (appointed November 2008)
Former directorships in last 3 years	None
Special responsibilities	Member of the Remuneration Committee
Interests in shares and options	Ordinary shares – 69,920

Siobhan L McKenna	
Experience and expertise	Director since 26 June 2012. Ms McKenna is Managing Partner of Illyria Pty Ltd, non-executive Director of Nova Entertainment, non-executive Director of The Australian Ballet and a Trustee of the MCG Trust. Ms McKenna is a former Partner of management consulting firm McKinsey & Company. She has also held previous roles as Commissioner of the Productivity Commission and non-executive Director of NBN Co.
Other current directorships	None
Former directorships in last 3 years	Prime Media Group Limited (from 20 August 2009 to 29 March 2012)
Special responsibilities	Member of the Audit/Risk/Treasury Committee Member of the Remuneration Committee
Interests in shares and options	None

John Klepec	
Experience and expertise	Director since 3 November 2014. Mr Klepec is the Chief Development Officer for Hancock Prospecting Pty Limited. Mr Klepec was proposed for appointment as a Director of the Company by Hanrine Investments Pty Limited, which is a major shareholder in the Company. Mr Klepec has a very broad experience of over 20 years prior to his current position, having held senior management roles in business development, finance and operations at BHP Billiton Limited, Mayne Group Limited and BGC Group Pty Ltd. Mr Klepec holds a Bachelor of Commerce from the University of Western Australia, is a certified practicing accountant with the Australian Society of CPA's and is a Fellow of FINSIA.
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	None
Interests in shares and options	None

Stephen Partington – Company Secretary	
Experience and expertise	Mr 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. Mr Partington 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. He 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 2015, 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**
Mr DL Gordon	01/04/10	Continuing	23	21	-	-	2	2	-	-
Mr BJ Long (Alternate)	01/07/10	Continuing	-	2	-	-	-	-	-	-
Mr BJ Long	01/07/10	Continuing	23	20	3	3	2	2	4	4
Mr DL Gordon (Alternate)	21/06/12	Continuing	-	3	-	-	-	-	-	-
Mr JJ Cowin	03/04/98	Continuing	23	20	-	-	2	2	4	4
Mr PV Gleeson (Alternate)	22/11/10	Continuing	-	3	-	-	-	-	-	-
Mr PV Gleeson	16/02/98	Continuing	23	21	3	3	-	-	-	-
Mr JJ Cowin (Alternate)	10/12/10	Continuing	-	2	-	-	-	-	-	-
Mr DD Hawkins	01/04/10	Continuing	23	23	3	3	-	-	-	-
Mr DL Gordon (Alternate)	24/11/10	Continuing	-	-	-	-	-	-	-	-
Ms CW Holgate	01/04/10	Continuing	23	22	-	-	2	1	-	-
Mr DL Gordon (Alternate)	14/12/10	Continuing	-	1	-	-	-	1	-	-
Ms SL McKenna	26/06/12	Continuing	23	21	3	3	2	2	-	-
Mr BJ Long (Alternate)	20/10/14	Continuing		1	-	-	-	-	-	-
Mr J Klepec	3/11/14	Continuing	18	17	-	-	-	-	-	-
Mr BJ Long (Alternate)	14/06/15	Continuing	-	1	-	-	-	-	-	-
Mr HR McLennan	08/04/13	27/07/15	21	21	-	-	-	-	3	3
Mr PR Mallam	13/12/10	29/11/14	7	7	1	1	-	-	-	-
Ms GH Rinehart	13/12/10	31/10/14	5	-	-	-	-	-	1	-
Mr J Klepec (Alternate)	16/10/13	31/10/14	-	4	-	-	-	-	-	-
Mr JJ Cowin (Alternate)	10/11/11	31/10/14	-	1	-	-	-	-	-	-

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

B Number of meetings attended

Remuneration Report

The Directors present the 2015 remuneration report for Ten Network Holdings Limited, outlining key aspects of remuneration policy and framework, and remuneration awarded to Key Management Personnel this year.

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

Summary of 2015 Outcomes

The table below summarises the specific items that impacted remuneration during the Company's 2015 financial year which covers the period 1 September 2014 to 31 August 2015.

Short term incentive scheme (STI)	In the 2015 financial year, some but not all of the performance hurdles were met. As a result, no STI payments will be made to participants. However, the Directors agreed that an ex-gratia bonus payment be made to certain executives to reflect their significant efforts over the past financial year. This is also in recognition that some performance targets were met and that there has been a recent improvement in the performance of the Company. This improvement is evidenced through ratings and revenue growth in the 2015 year. Ratings grew across key timeslots and demographics, with 2015 ratings up +1.4% to 24.7% audience share (2014: 23.3%). This has driven a 2015 revenue share growth of +1.3% to 21.8% (2014: 20.5%). These factors have led to an improvement in underlying EBITDA to a ($12.0m) loss, up $67.3m or 84.9% from a ($79.3m) loss in 2014.
Long term incentive scheme (LTI)	Allocations of Loan Funded Shares (described in Section (d) of the remuneration report) were made in 2015 under the Ten Executive Incentive Plan, which was introduced in 2014 following shareholder approval in December 2013. All allocations made under this Plan in the 2014 and 2015 financial years are subject to the satisfaction of performance hurdles at the end of a 3 year performance period. For 2016, the Board does not intend to make allocations of Loan Funded Shares but instead, the Board has determined that allocations of performance rights will be made under an amended Ten Executive Incentive Plan. Performance rights will be subject to revenue share and EPS performance hurdles, with a performance period of 3 years. At the date of this report, the details of the performance rights entitlement and allocations to individual executives have not yet been determined.
Termination payments	Mr HR McLennan, the former Executive Chairman and Chief Executive Officer, provided 12 months' notice of termination on 27 July 2015. This remuneration report includes as termination payments any amounts paid, payable or expensed in relation to the termination agreement signed by Mr HR McLennan and the Company. This includes payments totalling $1,975,000 (equal to Mr HR McLennan's annual salary) to be made over the twelve month notice period and a negotiated termination payment of $250,000 at the end of the twelve month period, reflecting his contractual STI incentive entitlements during his notice period. Expenses for Loan Funded Shares issued under the 2014 and 2015 Ten Executive Incentive Plan have been accelerated under requirements of AASB 2 *Share-Based Payment*. In order for these grants to be exercised, they need to meet certain hurdles as disclosed in section (d). The first measurement dates for these grants are 31 August 2016 and 31 August 2017 respectively. Also included is an estimate of Mr HR McLennan's pro-rata contractual entitlement to participate in the 2016 LTI plan.

Contents of the Remuneration Report

This remuneration report contains the following sections:

a) Key Management Personnel (KMP) covered in this report
b) Board Remuneration Committee
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) Key Management Personnel (KMP) covered in this report

Non-executive Directors

Name	Name
Mr DL Gordon (Chairman from 27 July 2015)	Mr J Klepec (from 3 November 2014)
Mr JJ Cowin	Mr BJ Long
Mr PV Gleeson	Mr PR Mallam (to 29 November 2014)
Mr DD Hawkins	Ms SL McKenna
Ms CW Holgate	Ms GH Rinehart (to 31 October 2014)

Other (Executive) Key Management Personnel

Name	Position
Mr PD Anderson	Chief Executive Officer – from 27 July 2015 Chief Operating Officer and Chief Financial Officer – to 27 July 2015
Ms B McGarvey	Chief Programming Officer
Mr HR McLennan	Executive Chairman and Chief Executive Officer – to 27 July 2015

(b) Board Remuneration Committee

The Board Remuneration Committee 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 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

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

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

Alignment to shareholders' interests is achieved by:

- Having revenue share, net profit after tax and positive cash flow as core components of the Company's short term incentive plan design and EPS and revenue share as core components of the Company's long term incentive 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 and achievement of performance hurdles over a number of years
- Only retaining the service of high performing executives who continue to deliver results.

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.

(d) Executive pay framework

The framework for the year ending 31 August 2015 provides a mix of fixed and variable pay, and a blend of short and long term incentives. As executives attain more accountability within the group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

The current executive pay and reward framework has three components:

- Base pay and benefits
- Short-term performance incentives
- 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, superannuation 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. The Company must recruit and retain talent from a relatively small pool of candidates with industry experience. Given the size of the talent pool, senior executive roles attract a remuneration premium across the industry.

The Company has benchmarked its fixed pay against its direct competitors and this has highlighted that the Company's KMPs are rewarded at lower levels than these direct competitors.

Some executives have fixed annual base pay increases included as a term of their employment contract. Retirement benefits may be delivered under an accrued benefit superannuation fund sponsored by the Company or through contributions to a superannuation fund nominated by the executive.

Incentives

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 incentive component.

The short term incentive component for senior executives comprises 25% of the maximum contracted total incentive. If the specified performance hurdles for the short term incentive component for the year are met, a cash award up to that amount will be paid. No short term incentives were awarded for the 2015 financial year due to some but not all performance hurdles being met.

However, the Directors agreed that an ex-gratia bonus payment be made to certain executives to reflect their significant efforts over the past financial year. This payment is also in recognition that some performance targets were met and that there has been a recent improvement in the performance of the Company. This improvement is evidenced through ratings and revenue growth in the 2015 year.

The long term incentive component for senior executives comprises 75% of the maximum contracted total incentive. In 2014, the Remuneration Committee implemented the current long term incentive scheme ("Ten 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 scheme is also designed to enhance the alignment between senior executive compensation and the future return to the Company's shareholders.

Assessing performance and claw-back of remuneration

The Remuneration Committee is responsible for assessing performance against key performance measures and determining the short and long term incentives to be paid. To assist in this assessment, the Committee receives objective feedback on performance from management which is based on independently verifiable data, such as financial measures and individual performance against targets.

In the event of serious misconduct or a material misstatement in the Company's financial statements, the Remuneration Committee can cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in previous financial years.

Further details on short and long term incentives are provided below and in the following pages.

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 2015 financial year due to some but not all performance hurdles being met.

However, the Directors agreed that an ex-gratia bonus payment be made to certain executives to reflect their significant efforts over the past financial year. This payment is also in recognition that some performance targets were met and that there has been a recent improvement in the performance of the Company. This improvement is evidenced through ratings and revenue growth in the 2015 year. Ratings grew across key timeslots and demographics with 2015 ratings up +1.4% to 24.7% audience share (2014: 23.3%). This has driven a 2015 revenue share growth of +1.3% to 21.8% (2014: 20.5%). These factors have lead to an improvement in underlying EBITDA to a ($12.0m) loss, up $67.3m or 84.9% from a ($79.3m) loss in 2014.

Details of STI entitlements and ex-gratia bonus payments for 2015 made are set out below:

2015	Maximum potential STI entitlement $	STI Payable $	Ex-gratia Cash Bonus Payable $
Mr PD Anderson	226,667	-	160,000
Ms B McGarvey	159,375	-	112,500
Mr HR McLennan	493,750	-	-

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 recommended by the Remuneration Committee and approved by the Board. Key performance measures include financial and non-financial targets, together with Company-wide and role specific objectives to ensure variable rewards meet or exceed shareholder and Board underlying EBITDA expectations for the fiscal year. Performance against these measures is considered in an annual review.

Executive	KMP Key performance measures for the 2015 Financial Year
Chief Executive Officer/Chief Operating Officer	Group underlying EBITDA, corporate development, financial management and revenue generation, ratings and digital performance, government policy, leadership and accountability objectives
Chief Programming Officer	Television underlying EBITDA, network program strategy and ratings performance, program development, financial management leadership and accountability objectives

Long Term Incentives

Ten Executive Incentive Plan

This plan was established during 2014 following shareholder approval in December 2013. Under the Ten Executive Incentive Plan ("the Plan"), eligible senior executives are permitted to borrow from the Company or a subsidiary, an agreed 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 Company's 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 after taking professional advice.

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 the Company's revenue share performance at the conclusion of the 3 year performance period identified.
- 50% of potential incentive based on the Company'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 over 3 years, as indicated in the issue terms. These terms allow for 60% of the Loan Funded Shares to be withdrawn immediately following the conclusion of the 3 year 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 in the form of limited recourse loans 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 hurdles 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.

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

During 2015, 278,481 LTIP performance rights were forfeited due to performance hurdles (Total Shareholder Returns (TSR) and Earnings per Share (EPS)) not being met. At the end of the period, no LTIP rights remain outstanding and unvested.

Legacy Ten Deferred Incentive Plan ("DIP") (suspended)

During 2015, 98,970 DIP shares vested to participants which related to allocations granted in 2011. At the end of the period, no DIP shares remain unvested.

2016 Long Term Incentives

In light of feedback from shareholders and after obtaining professional advice which included investigating other long term incentive plan options, the Company has decided to amend the current Ten Executive Incentive Plan to provide for the grant of performance rights for 2016 long term incentive allocations, in lieu of the issue of Loan Funded Shares.

The relevant performance rights will be subject to revenue share and EPS performance hurdles, with a performance period after 3 years. No re-testing of the performance hurdles will apply. Details of these hurdles are commercially sensitive and as such, further details will be provided to shareholders after the expiry of the 3 year performance period.

At the date of this report, the details of the performance rights entitlement and allocations to individual executives have not yet been determined.

(e) Relationship between remuneration and Company performance

Company performance is tabulated below:

	Ten Network Holdings Performance 2011 – 2015				
	2015	**2014**	**2013**	**2012**	**2011**
Underlying EBITDA ($m) *	(12.0)	(79.3)	42.9	94.0	172.5
Dividends Paid (cps)	0.0	0.0	0.0	5.25	11.0
Underlying EPS (cps) *	(1.95)	(4.46)	(0.23)	0.87	7.11
Share Price (As at 31 August)	0.185	0.26	0.31	0.39	0.94
Total KMP cash bonus as a percentage of underlying EBITDA	2.3%	0.0%	0.0%	0.1%	0.5%
Total KMP LTI accounting expenses as a percentage of underlying EBITDA	17.3%**	1.0%**	0.0%	0.9%	0.9%

* Underlying earnings before interest, tax, depreciation and amortisation, and underlying EPS is before individually significant items that are non-recurring in nature 2011 – 2015.

** These amounts are accounting expenses only and were not realised as remuneration to KMPs in these years. The accounting expenses relate to Loan Funded Shares which are subject to performance hurdles over a 3 year performance period and are therefore being expensed evenly over those 3 years. The first measurement date for Loan Funded Shares is 2016 (for 2014 grants) and 2017 (for 2015 grants). The calculation above excludes the acceleration of accounting expenses included in termination payments for 2015 which are non-recurring in nature.

Non-executive Director remuneration

The Board 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 the allocation of remuneration to 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 2015 was $761,233. 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 from 27 July 2015			Effective 1 September 2014 - 26 July 2015		
	Chairman	**Deputy Chairman**	**Member**	**Chairman**	**Deputy Chairman**	**Member**
Board	$250,000	$99,000	$81,000	$180,000 [1]	$99,000	$81,000
Remuneration	[2]	-	$5,000	$7,000	-	$5,000
Audit	$10,000	-	$7,000	$10,000	-	$7,000

[1] In 2015 (until his resignation on 27 July 2015) and in 2014, no fees were paid to Mr HR McLennan as Executive Chairman.

[2] Following the appointment of Mr DL Gordon as Chairman on 27 July 2015, the Board agreed to increase the fee payable to the Chairman to $250,000 per annum in order to align with current market rates and in light of the increased workload resulting from the proposed reduction in Board size. This includes the fee that would otherwise be payable to Mr DL Gordon as Chairman of the Remuneration Committee.

(f) 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 2015 and 2014 are set out in the following table.

		Short-term benefits	Post-employment benefits	
Name	**Year**	**Cash Salary and Fees $**	**Super-annuation $**	**Total $**
Mr DL Gordon	**2015**	**94,877**	**9,013**	**103,890**
	2014	78,688	7,312	86,000
Mr JJ Cowin	**2015**	**78,619**	**7,469**	**86,088**
	2014	80,518	7,482	88,000
Mr PV Gleeson	**2015**	**83,105**	**7,895**	**91,000**
	2014	62,316	28,684	91,000
Mr DD Hawkins	**2015**	**80,365**	**7,635**	**88,000**
	2014	80,518	7,482	88,000
Ms CW Holgate	**2015**	**78,539**	**7,461**	**86,000**
	2014	78,688	7,312	86,000
Mr J Klepec	**2015**	**61,205**	**5,814**	**67,019**
	2014	-	-	-
Mr BJ Long	**2015**	**101,370**	**9,630**	**111,000**
	2014	101,562	9,438	111,000
Mr PR Mallam	**2015**	**19,816**	**1,883**	**21,699**
	2014	80,518	7,482	88,000
Ms SL McKenna	**2015**	**93,000**	**-**	**93,000**
	2014	93,000	-	93,000
Ms GH Rinehart	**2015**	**12,363**	**1,174**	**13,537**
	2014	74,113	6,887	81,000
Mr LK Murdoch	**2015**	**-**	**-**	**-**
	2014	93,439	8,643	102,082
Total	**2015**	**703,259**	**57,974**	**761,233**
	2014	**823,360**	**90,722**	**914,082**

Remuneration of Mr HR McLennan, Executive Chairman and Chief Executive Officer, for his period of service, is included in the Other Key Management Personnel table which follows.

During the year ended 31 August 2015, Mr DD Hawkins provided $9,500 of consulting services via his family company to the Company. Other than this, no other remuneration payments were made to Directors or their related entities.

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 2015 and 2014 are set out in the following table.

2015		Short-term benefits		Post-employment benefits		Other long-term benefits	Termination benefits [1]					
Name	Year	Cash Salary and Fees $	Ex-gratia Cash Bonus $	Super-annuation $	Sub-total – paid $	Long Service Leave $	Salary and Super-annuation $	Annual leave $	Other payments $	Sub-total – paid/payable $	Options and rights [2] $	Total[4] $
Mr PD Anderson	**2015**	**1,040,118**	**160,000**	**30,172**	**1,230,290**	**25,576**	**-**	**-**	**-**	**1,255,866**	**462,146**	**1,718,012**
	2014	820,257	-	27,168	847,425	88,592	-	-	-	936,017	171,493	1,107,510
Ms B McGarvey	**2015**	**681,129**	**112,500**	**18,871**	**812,500**	**45,319**	**-**	**-**	**-**	**857,819**	**332,375**	**1,190,194**
	2014	582,057	-	16,408	598,465	20,495	-	-	-	618,960	134,154	753,114
Mr HR McLennan	**2015**	**1,793,155**	**-**	**17,262**	**1,810,417**	**(4,667)**	**1,975,000**	**189,904**	**250,000**	**4,220,654**	**3,820,269 [3]**	**8,040,923**
	2014	1,957,057	-	17,943	1,975,000	4,667	-	-	-	1,979,667	493,750	2,473,417
Total	**2015**	**3,514,402**	**272,500**	**66,305**	**3,853,207**	**66,228**	**1,975,000**	**189,904**	**250,000**	**6,334,339**	**4,614,790**	**10,949,129**
	2014	**3,359,371**	**-**	**61,519**	**3,420,890**	**113,754**	**-**	**-**	**-**	**3,534,644**	**799,397**	**4,334,041**

[1] Termination benefits for Mr HR McLennan include amounts paid to him from 27 July 2015 to 31 August 2015 as well as amounts provided for payments to be made in the 2016 financial year. Termination "Salary and Superannuation" represent payments to be made over the twelve month period following Mr HR McLennan's 12 months notice of termination on 27 July 2015. "Other payments" is a negotiated termination payment to be made at the end of the twelve month period on 27 July.

[2] Options represent Loan Funded Shares under the Ten Executive Incentive Plan, which are subject to performance hurdles, the first measurement date of which is the end of a 3 year performance period. The amounts disclosed in the table above represent the accounting impact recognised in the Statement of Comprehensive Income calculated in line with AASB 2 *Share-Based Payment* and do not necessarily reflect the amount of remuneration a KMP will realise at the end of the 3 year performance period.

[3] In line with AASB 2 *Share-Based Payment*, this includes the accelerated expenses of all Loan Funded Shares which have been allocated to Mr HR McLennan under the Ten Executive Incentive Plan for 2014 and 2015. This accounting impact has been recognised in the Statement of Comprehensive Income for the financial year ended 31 August 2015. The Loan Funded Shares are only able to be exercised subject to performance hurdles being achieved, the first measurement date of which is the 3 year period ending 31 August 2016 and 31 August 2017 respectively. This also includes an estimate of $452,604 for Mr HR McLennan's pro-rata contractual entitlement to participate in the 2016 LTI plan.

[4] The 2015 and 2014 remuneration that is performance-related for the KMPs is the AASB2 *Share Based Payment* expense for the options set out in the above table and ex-gratia cash bonuses. The accounting expense for these performance related items as a percentage of total remuneration is: Mr PD Anderson 36.2% (2014: 15.5%), Ms B McGarvey 37.4% (2014: 17.8%) and Mr HR McLennan 16.0% (excludes termination-related expenses) (2014: 20.0%).

(g) Details of share-based compensation and bonuses

(i) Bonuses

In the 2015 financial year, some but not all performance hurdles were met. As a result, no STI payments will be made to participants. However, the Directors agreed that an ex-gratia bonus payment be made to certain executives to reflect their significant efforts over the past financial year. This payment is also in recognition that some performance targets were met and that there has been a recent improvement in the performance of the Company. This improvement is evidenced through ratings and revenue growth in the 2015 year – refer above.

During 2014, 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 KMP 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%
03/09/14	31/08/17	60%	31/08/17	27/02/18	$0.2568	$0.094	To be determined	0%
		20%	31/08/18	27/02/19	$0.2568	$0.094	To be determined	0%
		20%	31/08/19	27/02/20	$0.2568	$0.094	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.

2015	Financial Year Granted	Years in which LFS may start to be exercised	Number of LFS granted	Value of LFS at grant date
Mr PD Anderson	2015	2017	10,001,995	940,188
Ms B McGarvey	2015	2017	6,538,564	614,625
Mr HR McLennan	2015	2017	25,320,909	2,380,165

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

2014	Financial Year Granted	Years in which LFS may start to be exercised	Number of LFS granted	Value of LFS at grant date
Mr PD Anderson	2014	2016	4,375,000	446,250
Ms B McGarvey	2014	2016	3,750,000	382,500
Mr HR McLennan	2014	2016	14,522,059	1,481,250

(iii) Performance rights and deferred shares

No Performance rights and deferred shares remain unvested as at 31 August 2015.

(h) Equity instruments held by Key Management Personnel

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

2015 Name	Balance at the start of the year	Granted as compen-sation	Exercised (LFS) /vested (rights, DIP)	Forfeited	Balance at the end of the year [1]
Mr PD Anderson					
- LFS	4,375,000	10,001,995	-	-	14,376,995
- Rights	278,481	-	-	(278,481) [2]	-
Ms B McGarvey					
- LFS	3,750,000	6,538,564	-	-	10,288,564
- DIP	28,369	-	(28,369)	-	-
Mr HR McLennan					
- LFS	14,522,059	25,320,909	-	-	39,842,968

[1] None of the Loan Funded Shares are exercisable as at 31 August 2015.
[2] Rights were forfeited due to performance hurdles (Total Shareholder Returns (TSR) and Earnings per Share (EPS)) not being met.

(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 2015, including their personally-related entities, are set out below.

2015 Name [2]	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					
Mr DL Gordon	247,500	-	-	-	247,500
Mr JJ Cowin	2,475,000	-	-	-	2,475,000
Mr PV Gleeson	38,865,310	-	-	(35,927,036) [1]	2,938,274
Mr DD Hawkins	135,000	-	-	-	135,000
Ms CW Holgate	69,920	-	-	-	69,920
Mr J Klepec	-	-	-	-	-
Mr BJ Long	533,250	-	-	-	533,250
Ms SL McKenna	-	-	-	-	-
Other Key Management Personnel of the consolidated entity					
Mr PD Anderson	548,180	-	-	-	548,180
Ms B McGarvey	350,303	28,369	-	-	378,672

[1] Mr PV Gleeson has resigned as director of each of Allard Services Pty Limited and Gleeson Properties Pty Limited and accordingly has ceased to hold a notifiable interest in the Company's shares held by each of these entities.

[2] Mr HR McLennan was the Executive Chairman of the Company from the beginning of the year until 27 July 2015. During this period and until he ceased to be a Key Management Personnel, he had an interest in 3,130,000 ordinary shares. He also held 39,842,968 Loan Funded Shares which are subject to the satisfaction of performance hurdles at the end of a 3 year performance period.
Mr PR Mallam was a Director of the Company from the beginning of the year until 29 November 2014. During this period and until he ceased to be a Key Management Personnel, he had an interest in 12,375 ordinary shares.
Ms GH Rinehart was a Director of the Company from the beginning of the year until 31 October 2014. During this period and until she ceased to be a Key Management Personnel, she had an interest in 256,396,911 ordinary shares.

(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. Major provisions of the agreements relating to remuneration are set out below.

Paul Anderson, Chief Executive Officer (appointed 27 July 2015)

In July 2015, the Company announced Paul Anderson's appointment to the position of Chief Executive Officer.

Term of Agreement – rolling contract commencing 27 July 2015

- Effective 27 July 2015 fixed remuneration, inclusive of superannuation, is $1,250,000. On achievement of certain cash flow targets on a 12 month rolling basis fixed remuneration will increase to $1,450,000 and $1,650,000 (subject to the refinancing of the $200m Revolving Cash Facility and the release of the Shareholder Guarantees).
- Short term and long term incentives are available. The below sets out the potential value for future financial years. This is planned to be split evenly between short term and long term incentives:

Financial year	2016	2017 onwards
STI/LTI in total	$1,000,000	$1,250,000 - $1,650,000*

* Final amount is dependent on achievement of key financial and non-financial objectives which will be measured on a 12 month rolling basis.

- Long term incentives are available through participation in the Ten Executive Incentive Plan on achievement of performance hurdles with a 3 year vesting period, primarily linked to the financial performance of the Group.
- Either party may terminate the contract at any time by providing twelve months' notice.
- Immediate termination by the Company 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 – rolling contract commencing 1 January 2015.

- Effective 1 January 2015 fixed remuneration, inclusive of superannuation, is $750,000.
- Short term incentives are available on achievement of specific STI targets primarily linked to the financial performance of the Group and inclusive of leadership and corporate objectives.
- Long term incentives are available through participation in the Ten Executive Incentive Plan on achievement of performance hurdles with a 3 year vesting period, primarily linked 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 the Company for cause or breach of contract is restricted to fixed remuneration and leave unpaid at the date of termination.

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	
	2015	**2014**
	$	**$**
(a) PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	439,500	417,046
Other audit related services	25,290	23,000
Taxation Services		
Tax compliance services	177,719	215,000
Other tax services	29,251	21,419
Other services		
Advisory services	110,453	92,000
Total remuneration of PricewaterhouseCoopers Australia	782,213	768,465
(b) Related practices of PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports	-	20,000
Other audit related services	-	-
Other services	-	-
Total remuneration of related practices of PricewaterhouseCoopers Australia	-	20,000
Total auditors' remuneration	**782,213**	**788,465**

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, an agreement for consulting services as disclosed in the remuneration report was entered into with a Director. Additionally, various agreements in respect of the sale of television airtime (through an advertising agency), 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 26 October 2015 in accordance with a resolution of the Directors.

Mr DL Gordon
Chairman

Auditor’s Independence Declaration

As lead auditor for the audit of Ten Network Holdings Limited for the year ended 31 August 2015, 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 period.

SG Horlin
Partner
PricewaterhouseCoopers

Sydney
26 October 2015

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

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Ten Network Holdings Limited ("the Company") is committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2015 corporate governance statement is dated as at 31 August 2015 and reflects the corporate governance practices in place throughout the 2015 financial year. The 2015 corporate governance statement was approved by the board on 26 October 2015. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at the TEN website at www.tenplay.com.au/corporate.

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Consolidated 2015 $'000	2014 $'000
Revenue from continuing operations	4	654,139	625,967
Other income	4	1,793	2,852
Net gain on sale of investment and property	4	1,311	21,362
Television costs		(655,620)	(696,648)
Out-of-home costs		(26,543)	(26,278)
Impairment of intangible assets	3	(251,157)	(52,847)
Provision for onerous contracts	3	(6,754)	(8,828)
Restructuring costs	3	(6,283)	(8,669)
Write-down of other assets	3	-	(5,185)
Finance costs	5	(16,669)	(19,360)
Share of net profit of associates accounted for using the equity method		733	1,028
(Loss) before income tax	6(b)	(305,050)	(166,606)
Income tax (expense)/benefit	6(a)	(3,400)	3,137
(Loss) for the year		**(308,450)**	**(163,469)**
(Loss) is attributable to:			
(Loss) attributable to members of the Company		(312,248)	(168,315)
Profit attributable to non-controlling interests		3,798	4,846
		(308,450)	**(163,469)**
(Loss) for the year		**(308,450)**	**(163,469)**
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	19	1,023	1,591
Exchange differences on translation of foreign operations	19	(2,206)	890
Income tax relating to these items	19	(307)	(477)
Total comprehensive (loss) for the year, net of tax		(309,940)	(161,465)
Total comprehensive (loss) attributable to members of Ten Network Holdings Limited		(313,738)	(166,311)
Total comprehensive profit attributable to non-controlling interests		3,798	4,846
		(309,940)	**(161,465)**

		2015 Cents	2014 Cents
Earnings Per Share			
Basic earnings per share	21	(12.07)	(6.51)
Diluted earnings per share	21	(12.07)	(6.51)

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 2015

	Note	Consolidated 2015 $'000	2014 $'000
Current Assets			
Cash and cash equivalents		14,370	13,439
Receivables	9	110,523	100,677
Program rights and inventories	7	175,357	124,165
Current tax assets	6(c)	3,624	1,093
Other	10	4,147	3,413
Total Current Assets		**308,021**	**242,787**
Non-Current Assets			
Program rights and inventories	7	5,315	30,119
Investments	11	18,856	17,644
Property, plant and equipment	12	44,864	50,991
Intangible assets	8	481,697	732,854
Other	10	-	14,107
Total Non-Current Assets		**550,732**	**845,715**
Total Assets		**858,753**	**1,088,502**
Current Liabilities			
Payables	13	203,786	154,439
Derivative financial instruments	14	350	482
Provisions	16	35,080	42,320
Total Current Liabilities		**239,216**	**197,241**
Non-Current Liabilities			
Payables	13	30,461	49,283
Borrowings	17	154,904	95,185
Derivative financial instruments	14	3,193	4,166
Deferred tax liabilities	6(d)	1,029	561
Provisions	16	18,462	22,599
Total Non-Current Liabilities		**208,049**	**171,794**
Total Liabilities		**447,265**	**369,035**
Net Assets		**411,488**	**719,467**
Equity			
Contributed equity	18	2,781,647	2,781,554
Reserves	19	(1,188,778)	(1,193,821)
Accumulated losses		(1,182,127)	(869,879)
Capital and reserves attributable to equity holders of the Company		410,742	717,854
Non-controlling interests		746	1,613
Total Equity		**411,488**	**719,467**

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 2015

	Note	Contributed Equity $'000	Other Reserves $'000	Accumu-lated Losses $'000	Total $'000	Non-controlling interest $'000	Total Equity $'000
Balance at 1 September 2014		**2,781,554**	**(1,193,821)**	**(869,879)**	**717,854**	**1,613**	**719,467**
(Loss)/ Profit for the year		-	-	(312,248)	(312,248)	3,798	(308,450)
Other comprehensive (loss)		-	(1,490)	-	(1,490)	-	(1,490)
Total comprehensive (loss) for the year		-	(1,490)	(312,248)	(313,738)	3,798	(309,940)
Issue of shares held by Employee Share Trust	18,19	93	(93)	-	-	-	-
Employee Share Plan Expense	19	-	6,626	-	6,626	-	6,626
Dividends paid	29	-	-	-	-	(4,665)	(4,665)
Balance at 31 August 2015		**2,781,647**	**(1,188,778)**	**(1,182,127)**	**410,742**	**746**	**411,488**

	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	29	-	-	-	-	(6,538)	(6,538)
Balance at 31 August 2014		**2,781,554**	**(1,193,821)**	**(869,879)**	**717,854**	**1,613**	**719,467**

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 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
Net increase in cash and cash equivalents			
Cash on hand		73	85
Cash at bank [(a)]		14,297	13,354
At end of year		14,370	13,439
At beginning of year		13,439	122,351
Effects of exchange rate movements on cash and cash equivalents		(811)	(72)
Net cash inflows/(outflows) for the year		**120**	**(108,984)**
Represented by:			
Cash Flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		714,469	721,121
Payments to suppliers and employees (inclusive of goods and services tax)		(761,960)	(747,716)
Interest received		600	1,816
Bank interest paid		(2,338)	(7,471)
Treasury costs paid		-	(834)
Income tax received/(paid)			
Prior year refunds received		2,037	5,786
Current year payments		(7,820)	(11,397)
Net cash (outflows) operating activities	27	(55,012)	(38,695)
Cash Flows from investment activities			
Proceeds from government grant		5,601	2,566
Acquisition of property, plant and equipment		(8,310)	(16,141)
Proceeds on disposal of property, plant and equipment		143	10,733
Deferred consideration received		15,000	-
Dividends received		1,000	970
Repayments from investments		220	-
Proceeds from sale of investment		1,169	2,291
Payments for other investments		-	(773)
Net cash inflows/(outflows) from investment activities		14,823	(354)
Cash Flows from financing activities			
Dividends paid		(4,665)	(6,538)
Proceeds from borrowings		325,000	170,000
Repayment of borrowings		(280,000)	(230,000)
Refinancing costs		(26)	(3,397)
Net cash inflows/(outflows) from financing activities		40,309	(69,935)
Net cash inflows/(outflows) for the year		**120**	**(108,984)**

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

[(a)]: Cash and cash equivalents include $6.1m (2014: $5.0m) which is required to be spent on certain capital items under a government grant and cannot be used for other purposes.

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 reversed 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:

	2015	**2014**
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.

Each lease payments is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. 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 corporate 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.

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 (Roads and Maritime Services contract (RMS) and 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

The consolidated entity adopted all new and amended Australian Accounting Standards and Interpretations that became mandatory for the first time for the financial year beginning 1 September 2014. The adoption of these standards did not have any impact on the current period or any prior period.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 financial instruments

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward.

AASB 9 must be applied for financial years commencing on or after 1 January 2018. The consolidated entity has not yet assessed how its own hedging arrangements and impairment provisions would be affected by the new rules, and it has not yet decided whether to adopt any parts of AASB 9 early.

(ii) AASB 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. Management is currently assessing the impact of the new rules and at this stage, the consolidated entity is not able to estimate the impact of the new rules on the consolidated financial statements. The consolidated entity will make more detailed assessments of the impact over the next twelve months.

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

(ac) Parent entity financial information

The financial information for the parent entity, Ten Network Holdings Limited, disclosed in Note 30 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. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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.

Inventory Valuation
Television program inventory which is available for broadcast is recognised as an asset at the lower of cost and net realisable value. This assessment of valuation requires the use of assumptions and consideration is placed on factors such as current profitability of programs and future program schedule forecasts. Any change in assumptions has the potential to impact the valuation of television program inventory.

Equity-Based Compensation Benefits
The fair value of these long-term benefits are expensed over their vesting period. While the assessed fair value is based on observable market data, management is required to use judgement in determining the probability that vesting conditions will be met for non-market conditions.

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

2015	Television $'000	Out-of-Home $'000	Consolidated $'000
Revenue			
Sales to external customers	627,596	26,543	654,139
Other income	1,793	-	1,793
Net gain on sale of investment and property	1,311	-	1,311
Total revenue	**630,700**	**26,543**	**657,243**
Segment Result			
Adjusted EBITDA *	**(12,018)**	**-**	**(12,018)**
Depreciation (Note 5)			(14,268)
Finance costs			(16,669)
Finance revenue			788
Loss before income tax			(42,167)
Income tax (expense) – recurring			(4,525)
Underlying loss from continuing operations			**(46,692)**
Profit attributable to non-controlling interests			3,798
Underlying loss attributable to members			**(50,490)**
Non-recurring items (details below)			
Revenue			1,311
Expense			(264,194)
Income tax benefit			1,125
Loss attributable to members			**(312,248)**

* Before non-recurring items

In 2015, revenues of $71.5m and $66.6m are derived from two major external customers. These revenues are attributed to the television segment.

3 SEGMENT INFORMATION (continued)

2014	Television $'000	Out-of-Home $'000	Consolidated $'000
Revenue			
Sales to external customers	599,689	26,278	625,967
Other income	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)
Finance costs			(19,360)
Finance revenue			1,882
Loss before tax			(112,439)
Income tax benefit – recurring			1,887
Underlying loss from continuing operations			**(110,552)**
Profit attributable to non-controlling interests			4,846
Underlying loss attributable to members			**(115,398)**
Non-recurring items (details below)			
Revenue			21,362
Expense			(75,529)
Income tax benefit			1,250
Loss attributable to members			**(168,315)**

* Before non-recurring items

In 2014, revenues of $68.1m and $57.8m are derived from two major external customers. These revenues are attributed to the television segment.

Non-recurring items

Items which are individually significant and non-recurring in nature for 2015 and 2014 are as follows:

	Year to 31 August 2015			Year to 31 August 2014		
	Gross $'000	Tax $'000	Net $'000	Gross $'000	Tax $'000	Net $'000
Net gain on sale of:						
Our Deal Pty Limited	(1,311)	-	(1,311)	-	-	-
Oasis Pty Limited	-	-	-	(14,253)	3,027	(11,226)
Perth land and buildings	-	-	-	(7,109)	-	(7,109)
Impairment of Intangible asset	251,157	-	251,157	52,847	-	52,847
Provisions for onerous contracts	6,754	-	6,754	8,828	(1,187)	7,641
Restructuring costs	6,283	(1,125)	5,158	8,669	(2,601)	6,068
Write-down of other assets	-	-	-	5,185	(489)	4,696
Total non-recurring items	**262,883**	**(1,125)**	**261,758**	**54,167**	**(1,250)**	**52,917**

Restructuring costs for 2015 include costs in relation to the termination agreement signed by Mr HR McLennan and the Company upon his provision of 12 month's notice of resignation from the Chief Executive Officer role. They also include redundancy costs following the announcement of an agreement with MCN to represent TEN's television, catch up and digital properties for advertisers.

Underlying earnings per share [A]

	Consolidated	
	2015 Cents	2014 Cents
Basic earnings per share	(1.95)	(4.46)
Diluted earnings per share [B]	(1.95)	(4.46)

[A]: Excludes the non-recurring items disclosed above.

[B]: Due to the Company reporting a loss for the years ended 31 August 2015 and 2014, the impacts of potential shares are not included in calculating diluted EPS because they are anti-dilutive.

	Consolidated	
	2015	2014
	$'000	$'000
4 REVENUE		
Revenue from continuing operations		
Sales revenue	**654,139**	**625,967**
Other income		
Interest	561	1,882
Dividend	1,000	970
Foreign exchange gain	227	-
Net profit on sale of non-current assets	5	-
	1,793	**2,852**
Net gain on sale of investment and property		
Net gain on sale of Our Deal Pty Limited	1,311	-
Net gain on sale of Oasis Pty Limited	-	14,253
Net gain on sale of Perth land and buildings	-	7,109
	1,311	**21,362**
5 EXPENSES		
Profit from continuing operations before income tax includes the following specific items:		
Net loss on sale of property, plant and equipment	-	62
Net bad and doubtful debts, including movements in provision for doubtful debts	372	102
Employee benefits expense	142,846	157,608
Defined contribution superannuation expense	9,175	9,961
Operating lease rentals		
Minimum lease payments	51,137	49,814
Contingent rental expense	1,174	653
Rental expense from sub-lease	114	177
Finance costs		
Interest expense	15,998	16,675
Unwinding of discount	671	2,318
Foreign exchange loss	-	278
Other	-	89
	16,669	**19,360**
Depreciation and amortisation of property, plant and equipment:		
Plant and equipment	12,434	13,215
Leasehold improvements	1,730	2,188
Buildings	104	222
	14,268	**15,625**

6 INCOME TAX

	Consolidated 2015 $'000	Consolidated 2014 $'000
(a) Income tax expense/ benefit		
Current income tax (benefit)/expense	5,376	6,742
Deferred income tax (benefit)/expense	(561)	(9,879)
Prior year adjustments	(1,415)	-
Total income tax expense/(benefit)	**3,400**	**(3,137)**
Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax asset	2,194	1,897
(Increase) in deferred tax liabilities	(2,755)	(11,776)
	(561)	(9,879)
Deferred income tax movements included other comprehensive income	307	489
Prior year adjustments	722	-
Total movement in deferred tax liabilities	468	(9,390)

	2015 $'000	2014 $'000
(b) Reconciliation of income tax to prima facie tax payable		
(Loss) before tax	(305,050)	(166,606)
Tax at the Australian tax rate 30%	(91,515)	(49,982)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Deferred tax asset not recognised on TV licence impairment	75,347	15,854
Write-down of investments	-	1,067
Entertainment	694	1,257
Share in associates' (gains) / losses	(220)	(309)
Net tax (gain) on sale of investments and property	(994)	-
Loan funded share expenses	1,988	-
Utilisation of deferred tax assets not previously brought to account	-	(3,389)
Regional deferred tax assets not brought to account	2,123	1,789
Tax losses not recognised	17,502	30,690
Other	(110)	(114)
Prior year adjustments	(1,415)	-
Income tax (benefit)/ expense	**3,400**	**(3,137)**

	2015 $'000	2014 $'000
(c) Current tax (assets)/ liabilities		
Provision for income tax/ (Income tax receivable)	**(3,624)**	**(1,093)**

	Consolidated 2015 $'000	Consolidated 2014 $'000
(d) Deferred tax (assets)/ liabilities		
The balance comprises temporary differences attributable to:		
Deferred consideration	-	468
Provision for doubtful debts and advertising credits	(718)	(748)
Carry forward tax losses	(38,793)	(30,251)
Program rights	56,807	49,665
Investments	-	3,027
Property, plant and equipment	1,133	847
Capitalised costs	(1,119)	(332)
Trade creditors and accruals	(3,014)	(4,796)
Provisions	(11,723)	(14,722)
Hedge reserve	(986)	(1,317)
Equity raising expenses	(558)	(1,280)
Deferred tax liability	**1,029**	**561**
Deferred tax (assets) expected to be recovered within 12 months	(11,282)	(15,821)
Deferred tax liabilities expected to be recovered after more than 12 months	12,311	16,382
	1,029	561

Of the movement in deferred tax liabilities, $0.3m was recognised to other comprehensive income in the current year (2014: $0.4m).

(e) Unrecognised deferred tax assets

The potential deferred tax asset not brought to account is:		
Unrecognised tax losses	47,069	30,690
Deductible temporary differences not recognised	126,504	51,784

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 $47.1m 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 2015 $'000	Consolidated 2014 $'000
Program rights – current	175,357	124,165
Program rights – Non-current	5,315	30,119
	180,672	**154,284**

Inventory expense
Inventories recognised as expense during the year ended 31 August 2015 amount to $369.6m (2014: $362.1m).

8 INTANGIBLE ASSETS

	Consolidated 2015 $'000	Consolidated 2014 $'000
Television licences		
At cost	1,077,823	1,077,823
Accumulated impairment	(596,126)	(344,969)
	481,697	732,854
Television licences		
Opening net book amount	732,854	785,701
Provision for impairment	(251,157)	(52,847)
Closing net book amount	481,697	732,854
Total Intangible Assets	**481,697**	**732,854**

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 2015, an impairment loss of $251.2m (2014: $52.8m) was recorded. The television impairment charge was recognised at half year 2015 and was mainly the result of a reduction in revenue forecasts in the Company's value in use model to reflect advertising market volatility, as well as a reassessment of the long term market growth forecasts in the model.

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

Television licences are carried at the following values:

Television Licences	Television CGU $'000
2015	481,697
2014	732,854

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 flow forecasts are based on the following assumptions:

- The five year forecast is based on the 2016 Board approved budget and management's latest expectations of future performance for the remaining four years.
- Revenue growth rates over the five year forecast vary from year to year with a cumulative average growth rate of 6.7% (2014: 8.3%). 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 2% (2014: 3%) growth rate.

Discount rates

The pre tax discount rate of 13.44% and post-tax discount rate of 10.17% (2014: pre-tax 12.89% and post-tax 10.17%) are 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 RECEIVABLES (CURRENT)

	Consolidated 2015 $'000	Consolidated 2014 $'000
Trade receivables	112,938	103,251
Provision for impairment of receivables	(399)	(247)
Provisions for advertising credits	(2,016)	(2,327)
	110,523	**100,677**

All receivables are non-interest bearing.

(a) Impaired trade receivables

As at 31 August 2015 current trade receivables of the consolidated entity with a nominal value of $0.4m (2014: $0.2m) were impaired. The amount of the provision was $0.4m (2014: $0.2m). The individually impaired receivables are in the Television business segment and relate to a number of individual debtors for which these amounts are not expected to be recoverable.

The ageing of these receivables is as follows:

	Consolidated 2015 $'000	Consolidated 2014 $'000
1 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
Over 90 days	399	247
	399	247

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

	2015	2014
Opening balance	247	2,219
Provision for impairment recognised during the year	371	102
Receivables written off during the year as uncollectible	(141)	(1,035)
Unused amount reversed	(78)	(1,039)
Closing balance at 31 August	399	247

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 2015, trade receivables in the consolidated entity of $0.9m (2014: $0.9m) 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	
	2015 $'000	**2014 $'000**
Up to 30 days overdue	-	-
31 to 60 days overdue	718	318
61 to 90 days overdue	115	101
Over 90 days overdue	108	497
	941	916

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 15.

(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.

10 OTHER ASSETS (CURRENT & NON-CURRENT)

	Consolidated	
	2015	2014
	$'000	$'000
CURRENT		
Prepayments	**4,147**	**3,413**
NON-CURRENT		
Deferred consideration	-	13,907
Other	-	200
	-	**14,107**

11 INVESTMENTS

	Consolidated	
	2015	2014
	$'000	$'000
Investments in unlisted securities		
Investments accounted for using the equity method	5,126	4,414
Available-for-sale financial assets	13,730	13,230
	18,856	**17,644**

Available-for-sale investments

The consolidated entity holds a 15.2% share of RSVP Australia Pty Limited which is valued at $13.7m as at 31 August 2015. Refer to Note 15 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 TX Australia Pty Limited of $0.7m.

12 PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2015 $'000	Consolidated 2014 $'000
Freehold land		
At cost	1,088	1,088
Freehold buildings		
At cost	3,015	3,015
Accumulated depreciation	(1,256)	(1,152)
	1,759	1,863
Leasehold improvements		
At cost	23,863	23,768
Accumulated depreciation	(10,183)	(8,406)
	13,680	15,362
Plant and equipment		
At cost	216,394	207,278
Accumulated depreciation	(188,057)	(174,600)
	28,337	32,678
Total property, plant and equipment		
Net book value	**44,864**	**50,991**

Reconciliations

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

	2015 $'000	2014 $'000
Freehold land		
Balance at beginning of year	1,088	2,740
Disposals	-	(1,652)
Balance at end of year	1,088	1,088
Freehold buildings		
Balance at beginning of year	1,863	4,209
Disposals	-	(2,124)
Depreciation	(104)	(222)
Balance at end of year	1,759	1,863
Leasehold improvements		
Balance at beginning of year	15,362	16,695
Additions	50	921
Disposals	(2)	(66)
Depreciation	(1,730)	(2,188)
Balance at end of year	13,680	15,362

	Consolidated 2015 $'000	Consolidated 2014 $'000
Plant and equipment		
Balance at beginning of year	32,678	30,594
Additions	8,234	15,160
Disposals	(141)	139
Depreciation	(12,434)	(13,215)
Balance at end of year	28,337	32,678

13 PAYABLES (CURRENT & NON-CURRENT)

	2015 $'000	2014 $'000
CURRENT		
Trade creditors	**203,786**	**154,439**
NON-CURRENT		
Trade creditors	**30,461**	**49,283**

The carrying amounts of the payables at the end of the reporting period approximate their fair value.

14 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES HELD AT FAIR VALUE

	2015 $'000	2014 $'000
CURRENT		
Interest rate swaps	**350**	**482**
NON-CURRENT		
Interest rate swaps	**3,193**	**4,166**

(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 rates (refer to Note 15 Financial Risk Management policies).

(i) Interest rate swap contracts

The bank loans of the consolidated entity bear a weighted average variable interest rate of approximately 4.7% (2014: 4.2%). 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 37.7% (2014: 90.5%) of loan principal outstanding. The fixed interest rates range between 4.61% and 6.93% (2014: 4.61% and 6.93%) and the variable rates are at 90-day BBSW, which at balance date was 2.15% (2014: 2.63%).

At 31 August 2015, the notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	2015 $'000	2014 $'000
Less than 1 year	20,000	30,000
1 – 2 years	-	20,000
2 – 3 years	20,000	-
3 – 4 years	15,000	20,000
4 – 5 years	-	15,000
More than 5 years	-	-
	55,000	85,000

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

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into profit and loss when the hedged interest expense is recognised. The ineffective portion, if any, is recognised in the statement of comprehensive income immediately. In the year ended 31 August 2015 a gain of $399k (2014: $226k gain) was transferred to the statement of comprehensive income which was recognised from cash flow hedges of floating rate debt. The amount released from the cashflow hedge reserve during the period was $2.3m (2014: $2.7m).

Cash flow hedges recognised as hedge liabilities relate to floating rate debt and have a fair value of ($3.5m) (2014: ($4.6m)).

(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 15. 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.

15 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 cover 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 2015 and 31 August 2014, 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.

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

	31 August 2015		**31 August 2014**	
	Weighted average interest rate	**Balance**	**Weighted average interest rate**	**Balance**
	%	**$'000**	**%**	**$'000**
Borrowings – Bank Loans	4.7%	145,787	4.2%	93,910
Interest rate swaps *	5.7%	(55,000)	5.2%	(85,000)
		90,787		**8,910**

* Notional principal amounts.

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

Consolidated entity sensitivity

At 31 August 2015, 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 $0.56m higher / $0.54m lower (2014: -/+ 100 bps: $0.12m lower / $0.10m higher). The profit impact for 2015 and 2014 is mainly the result of lower / higher interest rate expenses from borrowings net of cash.

Other components of equity would have been $0.67m lower / $0.68m higher (2014: $1.12m lower / $1.10m 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 2015, the consolidated entity had 6 customers totalling $54m (2014: 6 customers - $58m) that owed the consolidated entity more than $5 million each which accounted for 48.6% (2014: 57.6%) of all receivables owing.

As at 31 August 2015, approximately 65% (2014: 65%) 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 2015, approximately 77% (2014: 87%) of cash balances and 100% (2014: 100%) 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	-	-
Expiring beyond one year	54,213	106,090
	54,213	**106,090**

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 2.3 years (2014 – 3.3 years).

(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 2015 $'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	203,786	26,696	3,765	-	234,247	234,247
Borrowings						
Variable and fixed rate[#]	-	-	213,565	-	213,565	154,904
Total non-derivatives	**203,786**	**26,696**	**217,330**	**-**	**447,812**	**389,151**
Derivatives						
Interest rate swaps (net-settled)	1,698	753	230	-	2,681	3,543
Total derivatives	**1,698**	**753**	**230**	**-**	**2,681**	**3,543**

[#] 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. Shareholder guarantee fees are also capitalised at a contracted rate based on the debt to EBITDA ratio for the Company. In the table above, capitalised interest and guarantor fees are shown to be repaid at maturity of the loan agreement (23 December 2017).

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 and fixed rate	-	-	141,969	-	141,969	95,185
Total non-derivatives	**154,439**	**49,283**	**141,969**	**-**	**345,691**	**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**

(d) Fair Value of Financial Instruments

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

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

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

The following tables present the consolidated entity's assets and liabilities measured and recognised at fair value at 31 August 2015 and 31 August 2014.

Consolidated entity At 31 August 2015	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets - Investment in unlisted securities	-	-	13,730	13,730
Liabilities - Derivatives	-	3,543	-	3,543

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

The Consolidated entity did not hold any level 1 instruments as at 31 August 2015 and 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 following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value ($'000)		Unobservable input	Sensitivity
	2015	2014		
Unlisted equity security	13,730*	13,230	EBITDA of investment, and earnings multiple	If the EBITDA or earnings multiple was to change by 10%, the fair value of the investment would increase/decrease by $1.4m

*The increase in fair value is attributed to the purchase of additional shares in the investment, at the original agreed transacted price.

The finance team of the Group performs the valuation of the unlisted equity security. Discussions of valuation processes and results are held between the Chief Financial Officer, Audit Committee and the finance team at least once every six months. The finance team base the valuation on their knowledge of the business, recent results and the current economic environment.

16 PROVISIONS (CURRENT & NON-CURRENT)

	Consolidated 2015 $'000	Consolidated 2014 $'000
CURRENT		
Employee entitlements	13,009	12,581
Restructuring	3,347	20
Onerous contracts	16,756	27,292
Unearned Income	1,458	1,427
Other	510	1,000
	35,080	**42,320**
NON-CURRENT		
Employee entitlements	2,469	1,918
Make good	4,268	3,766
Onerous contracts	1,230	8,034
Unearned Income	10,495	8,801
Other	-	80
	18,462	**22,599**

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

Consolidated – 2015 Current	**Unearned Income $'000 [a]**	**Onerous Contracts $'000 [c]**	**Restructuring $'000 [b]**	**Other $'000**	**Total $'000**
Carrying amount at beginning of year	1,427	27,292	20	1,000	29,739
Additional provisions recognised	-	5,524	3,749	10	9,283
Reduction of provisions	-	-	-	(38)	(38)
Transfer from Non-Current Provision	1,457	8,982	-	-	10,439
Utilisation of provision	(1,426)	(27,821)	-	-	(29,247)
Unwinding of discount	-	671	-	-	671
Foreign exchange	-	2,108	-	-	2,108
Payments	-	-	(422)	(462)	(884)
Carrying amount at end of year	1,458	16,756	3,347	510	22,071

Consolidated – 2015 Non-current	**Unearned Income $'000 [a]**	**Onerous Contracts $'000 [c]**	**Make Good $'000**	**Other $'000**	**Total $'000**
Carrying amount at beginning of year	8,801	8,034	3,766	80	20,681
Additional provisions recognised	3,151	1,230	-	-	4,381
Reduction of provisions	-	-	(96)	(106)	(202)
Transfer to Current Provision	(1,457)	(8,982)	-	-	(10,439)
Unwinding of discount	-	-	216		216
Foreign exchange difference	-	948	382	26	1,356
Carrying amount at end of year	10,495	1,230	4,268	-	15,993

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 following the appointment of MCN as sales represenetatives of TEN as well as the provision for amounts payable to the outgoing Chief Executive Officer who provided 12 month's notice of termination in 27 July 2015. These non-recurring expenses were recognised as restructuring costs in the statement of comprehensive income.

c. Additional provisions were recognised as non-recurring expenses in the statement of comprehensive income. Current and non-current provisions include onerous contracts which total $18.0m (August 2014: $35.3m) in relation to contracts associated with sports broadcast rights, Roads and Maritime Services ('RMS') and Eye Corp US.

	Consolidated	
	2015	2014
	$'000	$'000
17 BORROWINGS (NON-CURRENT)		
Non-current		
Bank Loan	**154,904**	**95,185**

Total non-current borrowings at the end of the period include:

- A bank loan of $135m drawn on the $200m Revolving Cash Advance Facility
- Capitalised interest and commitment fees of $10.8m
- Shareholder guarantor fees of $11.2m
- Capitalised transaction costs associated with the establishment of the new facility of $2.1m have been offset against the above.

(a) Bank Loan

The bank loan commenced to be drawn down on 26 February 2014. It comprises a $200m Revolving Cash Advance Facility ("Facility") 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 2014. These are set out below.

- 4 year $200m Revolving Cash Advance Facility 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, was fixed until 31 August 2015. The margin then reverted to a variable fee based on the debt to EBITDA ratio of the Company which will remain in place until the maturity of the Facility.
- a portion of the drawdown proceeds, along with existing cash reserves, were used to repay the $150m Senior Unsecured Notes prior to its maturity (26 February 2014). At the time, the Company's undrawn $80m Revolving Cash Advance Facility was extinguished.
- the remainder of the proceeds have since been 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) Risk Exposures

Details of the consolidated entity's exposure to risks arising from the Borrowings are set out in Note 15.

The carrying amounts of borrowings at the end of the reporting period approximate their fair value.

18 CONTRIBUTED EQUITY

	Notes	Consolidated 2015 $'000	2014 $'000
(a) Share capital			
2,586,970,845 ordinary shares fully paid (2014: 2,586,970,845)	(c)	2,781,647	2,781,647
(b) Other equity securities			
Treasury shares			
Nil (2014: 98,963) ordinary shares fully paid	(d)	-	(93)
		2,781,647	**2,781,554**

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

Date	Details	Number of Shares	Issue Price	$'000
31.08.14	Balance 31 August 2014	2,630,984,596		2,781,647
	Ten Executive Incentive Plan (note 25)	81,980,736**	$0.26	*
31.08.15	**Balance 31 August 2015**	**2,712,965,332**		**2,781,647**
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**

* 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 are exercised.

** On 3 September 2014, 81,980,736 shares were issued at an exercise price of $0.2568 per share. These relate to the 2015 entitlement of Loan Funded Shares under the Ten Executive Incentive Plan. The shares were not issued as quoted shares.

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.

(d) 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
31.08.14	Balance 31 August 2014	98,963	93
1.09.14	Employee Share Scheme Vesting	(98,963)	(93)
31.08.15	**Balance 31 August 2015**	**-**	**-**
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**

(e) 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 15 (c).

19 RESERVES

	Consolidated 2015 $'000	Consolidated 2014 $'000
Foreign currency translation	20,242	22,448
Hedging reserve	(2,443)	(3,159)
Share-based payment reserve	9,228	2,695
Equity Reserve	1,840	1,840
Conversion reserve	(1,217,645)	(1,217,645)
	(1,188,778)	**(1,193,821)**
Movements during the year		
Foreign currency translation		
Balance at beginning of year	22,448	21,558
Net translation adjustment	(2,206)	890
Balance at end of year	20,242	22,448
Hedging reserve		
Balance at beginning of year	(3,159)	(4,273)
Revaluation	1,023	1,591
Deferred tax	(307)	(477)
Balance at end of year	(2,443)	(3,159)
Share-based payment reserve		
Balance at beginning of year	2,695	1,489
Issue of shares to employees	(93)	(451)
Employee share plan expense	6,626	1,657
Balance at end of year	9,228	2,695
Equity Reserve		
Transaction with non-controlling interest	1,840	1,840
Conversion reserve		
Balance at beginning and 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 AND RELATED PARTIES

The consolidated entity's principal subsidiaries at 31 August 2015 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	
	2015	**2014**
	%	**%**
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
Network Ten (Melbourne) Pty Limited [(i)]	100.0	100.0
Network Ten (Brisbane) Pty Limited [(i)]	100.0	100.0
Network Ten (Sydney) 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 28.

21 EARNINGS PER SHARE

	Consolidated	
	2015	2014
	Cents	Cents
Basic earnings per share	(12.07)	(6.51)
Diluted earnings per share^	(12.07)	(6.51)

	Consolidated	
	2015	2014
	Number	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	2,586,970,574	2,586,853,514
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share ^	2,586,970,574	2,586,853,514

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

	Consolidated	
	2015	2014
	$'000	$'000
(Loss) from continuing operations	(308,450)	(163,469)
Profit from continuing operations attributable to non-controlling interest	3,798	4,846
Loss attributable to the ordinary equity holders of the consolidated entity used in calculating basic and diluted earnings per share	(312,248)	(168,315)

^: Due to the Company reporting a loss for the years ended 31 August 2015 and 2014, the impacts of potential shares are not included in calculating diluted EPS because they are anti-dilutive.

22 KEY MANAGEMENT PERSONNEL AND ASSOCIATED RELATED PARTY DISCLOSURES

Key Management Personnel compensation

	Consolidated	
	2015	**2014**
	$	**$**
Short-term benefits	4,490,161	4,182,731
Termination benefits	2,414,904	-
Post-employment benefits	124,279	152,241
Other long-term benefits	66,228	113,754
Share-based expenses	4,614,790	799,397
	11,710,362	**5,248,123**

Detailed remuneration disclosures are provided in the remuneration report on pages 13 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, including the Executive Chairman during his period of service. No such transactions were entered into with other Key Management Personnel, including their personally related entities.

	2015	**2014**
	$	**$**
Amounts recognised as revenue		
Sale of television airtime to related entities of Directors	15,644,689	18,022,684
Other television revenue	540,450	4,669,195
	16,185,139	22,691,879
Outstanding receivable balances	2,317,049	2,846,633

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.

	2015	**2014**
	$	**$**
Amounts recognised as an expense		
Program Rights	-	117,909,922
Other expenses	3,175,500	3,572,072
	3,175,500	121,481,994
Outstanding payable balances	9,500	60,408,286

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	
	2015	2014
	$	$
(a) PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	439,500	417,046
Other audit related services	25,290	23,000
Taxation Services		
Tax compliance services	177,719	215,000
Other tax services	29,251	21,419
Other services		
Advisory services	110,453	92,000
Total remuneration of PricewaterhouseCoopers Australia	782,213	768,465
(b) Related practices of PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial reports	-	20,000
Other audit related services	-	-
Total remuneration of related practices of PricewaterhouseCoopers Australia	-	20,000
Total auditors' remuneration	**782,213**	**788,465**

24 COMMITMENTS

(a) Capital expenditure commitments

	Consolidated 2015 $'000	Consolidated 2014 $'000
Amounts contracted but not provided for:		
Within one year	6,774	6,255
Later than one year and not later than five years	-	-
	6,774	**6,255**

(b) Program expenditure commitments

	Consolidated 2015 $'000	Consolidated 2014 $'000
Amounts contracted but not provided for:		
Within one year	239,637	195,731
Later than one year and not later than five years	594,217	519,644
Later than five years	154,537	227,847
	988,391	**943,222**

(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.

	Consolidated 2015 $'000	Consolidated 2014 $'000
Minimum lease payments contracted but not provided for:		
No later than one year	18,607	18,954
Later than one year and not later than five years	59,332	64,049
Later than five years	23,410	33,321
	101,349	**116,324**

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 plan was established during 2014 following shareholder approval in December 2013. Under the Ten Executive Incentive Plan ("the 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 Company's 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 the Company's revenue share performance at the conclusion of the 3 year performance period.
- 50% of potential incentive based on the Company'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 in the form of loans 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 and the amount outstanding but not exercisable as at reporting date:

Grant Date	Exercise price per LFS (accounted for as an option)	Expiry date	Number of LFS Granted	Number of LFS Forfeited	Number of Loan Funded Shares outstanding but not exercisable at the end of the period
18 December 2013	$0.3319	27 February 2017	25,328,614	(375,000)	24,953,614
		27 February 2018	8,442,871	(125,000)	8,317,871
		27 February 2019	8,442,871	(125,000)	8,317,871
19 February 2014	$0.3412	27 February 2017	1,079,637	-	1,079,637
		27 February 2018	359,879	-	359,879
		27 February 2019	359,879	-	359,879
3 September 2014	$0.2568	27 February 2018	49,188,442	(665,825)	48,522,617
		27 February 2019	16,396,147	(221,941)	16,174,206
		27 February 2020	16,396,147	(221,941)	16,174,206
As at 31 August 2015			**125,994,487**	**(1,734,707)**	**124,259,780**

The fair value of the Loan Funded Shares granted is $0.102 for those granted 18 December 2013, $0.124 for those granted 19 February 2014 and $0.094 for those granted 3 September 2014. The fair value at grant date is independently determined using a Binomial option pricing model.

Legacy Ten Long Term Incentive Plan ("LTIP") (suspended)
During 2015, 278,481 LTIP performance rights were forfeited due to performance hurdles (Total Shareholder Returns (TSR) and Earnings per Share (EPS)) not being met. At the end of the period, no LTIP rights remain outstanding and unvested.

Legacy Ten Deferred Incentive Plan ("DIP") (suspended)

During 2015, 98,970 DIP shares vested to participants which related to allocations granted in 2011. At the end of the period, no DIP shares remain unvested.

2016 Long Term Incentives
In light of feedback from shareholders and after obtaining professional advice which included investigating other long term incentive plan options, the Company has decided to amend the current Ten Executive Incentive Share Plan to provide for the grant of performance rights for 2016 long term incentive allocations, in lieu of the issue of Loan Funded Shares.

The relevant performance rights will be subject to revenue share and EPS performance hurdles, with a performance period after 3 years. No re-testing of the performance hurdles will apply. Details of these hurdles are commercially sensitive and as such, further details will be provided to shareholders after the expiry of the 3 year performance period.

At the date of this report, the details of the performance rights entitlement and allocations to individual executives have not yet been determined.

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

	Consolidated 2015 $'000	Consolidated 2014 $'000
Executive Incentive Plan - Employee share expense *	6,626	1,480
Long Term Incentive Plan - Performance rights expense/(benefit)	-	144
Deferred Incentive Plan - Employee share rights expense	-	33
	6,626	**1,657**

* The Executive Incentive Plan expense in 2015 includes $2.5m of accelerated Loan Funded Share expenses which were recognised in line with AASB 2 *Share-Based Payment* and includes an estimate of Mr HR McLennan's pro-rata contractual entitlement to participate in the 2016 LTI Plan. These were disclosed as termination benefits for outgoing Chairman and Chief Executive Officer, Mr HR McLennan.

26 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.

As part of the sale of the out-of-home business in 2013, the Company retained responsibilities for parent guarantees in relation to certain concessions. A cash outflow in relation to these guarantees is not probable.

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

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Unsecured guarantees by the Company, and other entities in the consolidated group in respect of leases of controlled entities in the group [i]	142,439	180,126
	142,439	**180,126**

[i] The Company has back to back unsecured guarantees from third parties in relation to $78.6m (2014: $84.4m) 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.

27 NOTES TO THE STATEMENTS OF CASH FLOWS

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Reconciliation of loss after income tax to net cash flows from operating activities		
Loss after income tax	(308,450)	(163,469)
Non-cash expenses	33,744	28,898
(Gain) / Loss on sale of other non-current assets	(5)	(7,047)
(Gain) / Loss on sale of investments	(1,311)	(14,253)
Impairment of intangible assets	251,157	52,847
		-
Net decrease in provisions	(14,417)	(9,894)
Net decrease in deferred tax	(2,383)	(8,748)
Net (decrease)/increase in accrued revenue and expense items in (receivables)/payables	(13,347)	82,971
Net cash flows from operating activities	**(55,012)**	**(38,695)**

28 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.

	2015 $'000	2014 $'000
Revenue from ordinary activities	629,333	601,625
Television costs	(665,915)	(693,313)
Corporate costs	(1,481)	(1,520)
Finance costs	(13,886)	(15,396)
Impairment of intangible assets	(251,157)	(52,847)
Impairment of intercompany loan	(8,772)	(57,564)
Net (Loss) before income tax	(311,878)	(219,015)
Income tax benefit/(expense)	(3,325)	3,204
Net (Loss) after income tax	(315,203)	(215,811)
Profit attributable to non-controlling interests	3,798	4,846
(Loss) for the year	(319,001)	(220,657)
(Loss) for the year	(319,001)	(220,657)
Other comprehensive income		
AASB 139 hedge reserve	716	1,114
Total comprehensive income after income tax	(318,285)	(219,543)
Accumulated losses at the beginning of year	(746,321)	(576,608)
Adjustment to opening accumulated losses	(61,886)	(10,942)
AASB 139 hedge reserve	(716)	(1,114)
Retained earnings at the end of year	(1,127,208)	(808,207)

	2015 $'000	2014 $'000
Balance Sheet		
Cash assets	11,129	11,730
Receivables	105,603	96,876
Inventories	175,329	124,144
Current tax assets	3,710	1,149
Other	3,500	2,649
Total current assets	299,271	236,548
Receivables	25,224	23,011
Inventories	5,315	30,119
Other financial assets	18,731	17,406
Property, plant and equipment	44,853	50,980
Intangibles	481,697	732,854
Deferred tax assets	1,339	3,533
Other	-	14,107
Total non-current assets	577,159	872,010
Total assets	876,430	1,108,558
Payables	201,033	151,459
Derivative financial instruments	350	482
Provisions	23,733	30,769
Total current liabilities	225,116	182,710
Payables	30,461	49,283
Borrowings	154,904	95,185
Derivative financial instruments	3,193	4,166
Deferred tax liabilities	1,029	561
Provisions	15,657	18,150
Total non-current liabilities	205, 244	167,345
Total liabilities	430,360	350,055
Net assets	446,070	758,503
Contributed equity	2,361,057	2,361,057
Reserves	(788,527)	(795,961)
Retained earnings	(1,127,208)	(808,207)
Non-controlling interest	748	1,614
Total Equity	446,070	758,503

29 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
2015					
November dividend paid	Nil				
June dividend paid	Nil	-	-	-	-
2014					
November dividend paid	Nil				
June dividend paid	Nil	-	-	-	-

Dividends of $3.2m and $1.6m were paid to Network Ten Pty Limited and CBS Studios Inc. respectively on 15 December 2014, which represent their share of the net profit of ElevenCo Pty Limited for the half year to 31 August 2014.

Dividends of $6.1m and $3.1m were paid to Network Ten Pty Limited and CBS Studios Inc. respectively on 15 June 2015, which represent their share of the net profit of ElevenCo Pty Limited for the half year to 28 February 2015.

	The Company	
	2015 $'000	2014 $'000
Dividend franking account		
Franking credits (30%) available for the subsequent financial year	20,453*	18,861

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.

*: Of this balance, $3.1m (2014: $4.7m) relates to ElevenCo Pty Limited which is not part of the Ten Network Holdings Limited tax consolidated group.

30 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

	Company	
	2015 $'000	2014 $'000
Balance sheet		
Current assets	40,921	31,648
Total assets [(i)(ii)]	653,046	953,605
Current liabilities	86,654	62,306
Total liabilities [(ii)]	241,558	157,491
Shareholders equity		
Issued capital	2,782,386	2,782,386
Accumulated Losses [(ii)]	(2,370,898)	(1,986,273)
	411,488	**796,113**
(Loss) for the year [(i)(ii)]	(384,625)	(239,934)
Total comprehensive (loss)	**(384,625)**	**(239,934)**

[(i)] Included in the loss for the year is an impairment write down of $240.2m (2014: $199.6m) of the Company's investment in the Ten Group Pty Limited to its recoverable amount. Recoverable amount is measured using a value-in-use calculation with a pre-tax discount rate of 13.44% (2014 12.86%). The write down relates to a reduction of the cashflows relating to the Television business.

[(ii)] Included in liabilities is the bank loan facility (see Note 17). The associated Shareholder Guarantors fees, interest expense, commitment fees, and amortisation of borrowing costs are included in the loss for the year. 2014 numbers have also been restated to reflect the bank loan and the associated expenses which is held in the parent entity.

(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 2015 and 31 August 2014. The maximum payments under these guarantees are $125.8m as at 31 August 2015 (2014: $151.0m).

In addition, the Company has given a cross guarantee as described in Note 28.

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

As at 31 August 2015, the Company had no contractual commitments for the acquisition of property, plant or equipment (2014: Nil).

31 SUBSEQUENT EVENTS

On 22 October 2015, approval was received from the Australian Competition and Consumer Commission ('ACCC') and the Australian Communications and Media Authority ('ACMA') for the proposed equity raising transaction between Ten Network Holdings Limited and Foxtel Management Pty Limited ('Foxtel').

On 26 October 2015, the Company launched a fully underwritten pro-rata renounceable share entitlement offer to existing shareholders of up to $77m. This entitlement offer is to be conducted in conjunction with an issue of shares to Foxtel for gross proceeds of up to $77m which would result in Foxtel becoming a shareholder of up to 15%.

Settlement of the share entitlement offer and Foxtel placement are subject to the completion of certain customary conditions and other approvals, including from the Foreign Investment Review Board, which are expected to be obtained in the ordinary course.

No other 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 2015 of the consolidated entity; or
- the results of those operations; or the state of affairs in financial years subsequent to 31 August 2015 of the consolidated entity.

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION
31 AUGUST 2015

In the directors' opinion:

a) the financial statements and notes set out on pages 28 to 80 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 2015 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 28 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 28.

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 General Manager Finance required by section 295A of the Corporations Act 2001.

SIGNED at Sydney on 26 October 2015 in accordance with a resolution of the Directors.

Mr DL Gordon
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 2015, the statement of comprehensive income, statement of changes in equity and cash flow statement 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 Group (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 and 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 2015 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*.

(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 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

S. Horlin

SG Horlin
Partner

Sydney
26 October 2015