

TEN NETWORK HOLDINGS LIMITED

CONCISE FINANCIAL REPORT

**For the year ended
31 August 2015**

ABN 14 081 327 068

The Directors' Report, Concise Financial Report and Auditor's Statement contained within this document represent a Concise Report. The Concise Financial Report contained within this document has been derived from the Full Financial Report of Ten Network Holdings Limited for the financial year ended 31 August 2015 and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the Full Financial Report. Further financial information can be obtained from the Full Financial Report and the report is available on the Ten website.

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.

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

Financial Performance and Highlights

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

	2015	2014
	\$'000	\$'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).

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

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 \$251.2 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.

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

- 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.

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

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.

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

Information on Directors

David L Gordon	
Experience and expertise	<p>Director since 1 April 2010.</p> <p>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.</p> <p>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.</p>
Other current directorships	RCG Corporation Limited (appointed 19 October 2006)
Former directorships in last 3 years	None
Special responsibilities	<p>Chairman – appointed 27 July 2015</p> <p>Chairman of Remuneration Committee – appointed 17 September 2014</p>
Interests in shares and options	Ordinary shares – 247,500

Brian J Long	
Experience and expertise	<p>Director since 1 July 2010.</p> <p>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.</p> <p>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.</p> <p>Mr Long is a Fellow of the Institute of Chartered Accountants in Australia and has been a member since 1972.</p>
Other current directorships	<p>Commonwealth Bank of Australia (appointed 1 September 2010)</p> <p>Brambles Limited (appointed 1 July 2014)</p>
Former directorships in last 3 years	None
Special responsibilities	<p>Deputy Chairman</p> <p>Member of Audit/Risk/Treasury Committee</p> <p>Member of Remuneration Committee</p> <p>Chairman of Board Performance and Renewal Committee</p>
Interests in shares and options	Ordinary shares – 533,250

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

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

Paul V Gleeson	
Experience and expertise	<p>Director since February 1998.</p> <p>Mr Gleeson holds a Bachelor in Economics degree and is a member of the Institute of Chartered Accountants in Australia.</p>
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

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

Dean D Hawkins	
Experience and expertise	<p>Director since 1 April 2010.</p> <p>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.</p> <p>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.</p> <p>He is a chartered accountant, was previously an investment banker in Australia and Europe and holds a Bachelor of Commerce degree.</p>
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	<p>Director since 1 April 2010.</p> <p>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.</p> <p>September 2015, Ms Holgate was appointed Chair 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.</p>
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

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

Siobhan L McKenna	
Experience and expertise	<p>Director since 26 June 2012.</p> <p>Ms McKenna is Managing Partner of Illyria Pty Ltd, non-executive Director of Nova Entertainment, non-executive Director of The Australian Ballet and Trustee of the MCG Trust.</p> <p>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.</p>
Other current directorships	None
Former directorships in last 3 years	Prime Media Group Limited (from 20 August 2009 to 29 March 2012)
Special responsibilities	<p>Member of the Audit/Risk/Treasury Committee</p> <p>Member of the Remuneration Committee</p>
Interests in shares and options	None

John Klepec	
Experience and expertise	<p>Director since 3 November 2014.</p> <p>Mr Klepec is the Chief Development Officer for Hancock Prospecting Pty Limited.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	None
Interests in shares and options	None

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

Stephen Partington – Company Secretary	
Experience and expertise	<p>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.</p> <p>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.</p> <p>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.</p> <p>He has been admitted as a solicitor in New South Wales since 1980.</p>

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	
			A	B	A	B	A	B	A	B
Meetings										
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

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

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)	<p>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.</p> <p>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.</p>
Termination payments	<p>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.</p> <p>Expenses for Loan Funded Shares issued under the 2014 and 2015 Ten Executive Incentive Plan have been accelerated under requirements of AASB 2 <i>Share-Based Payment</i>. 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.</p>

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

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

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

(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.

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

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 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.

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	-	-

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

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

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

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.

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

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.

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

(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.

Name	Year	Short-term benefits	Post- employment benefits	Total \$
		Cash Salary and Fees \$	Super- annuation \$	
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.

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

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%).

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

(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.

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
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 compensation	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
<i>Directors of Ten Network Holdings Limited</i>					
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	-	-	-	-	-
<i>Other Key Management Personnel of the consolidated entity</i>					
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.

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

(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.

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

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

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

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.

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.

A handwritten signature in black ink, appearing to read 'S. Horlin', with a long horizontal flourish extending to the right.

SG Horlin
Partner
PricewaterhouseCoopers

Sydney
26 October 2015

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
CONCISE FINANCIAL REPORT

FIVE YEAR SUMMARY
FOR THE YEAR ENDED 31 AUGUST 2015

Results as reported	2015	2014	2013	2012	2011
REVENUE (\$m)					
Television	629.3	601.7	628.3	728.0	851.8
Out-of-Home	26.5	26.3	26.8	25.2	148.5
Discontinued Operations	-	-	19.5	112.0	-
	655.8	628.0	674.7	865.2	1,000.3
EXPENSES (\$m)					
Television	641.3	681.0	582.2	645.6	697.7
Out-of-Home	26.5	26.3	31.1	25.7	130.1
Discontinued Operations	-	-	18.4	99.9	-
	667.8	707.3	631.8	771.2	827.8
UNDERLYING EBITDA (\$m)					
Television	(12.0)	(79.3)	46.1	82.4	154.1
Out-of-Home	-	-	(4.3)	(0.5)	18.4
Discontinued Operations	-	-	1.1	12.1	-
	(12.0)	(79.3)	42.9	94.0	172.5
TV EBITDA MARGINS	(1.8%)	(13.2%)	7.3%	11.3%	18.1%
UNDERLYING EBIT (\$m)					
Television	(26.3)	(95.0)	30.6	64.0	136.1
Out-of-Home	-	-	(6.5)	(0.5)	10.8
Discontinued Operations	-	-	(0.2)	4.9	-
	(26.3)	(95.0)	23.9	68.4	146.9

UNDERLYING EARNINGS PER SHARE (cents per share)

Basic EPS	(1.95)	(4.46)	(0.23)	0.87	7.11
Diluted EPS	(1.95)	(4.46)	(0.23)	0.87	7.10

DIVIDENDS PER SHARE (cents per share)

Normal	0.0	0.0	0.0	5.3	6.0
Special	0.0	0.0	0.0	0.0	5.0
Total	0.0	0.0	0.0	5.3	11.0

NET DEBT (\$m)	131.4	80.5	27.6	263.1	415.9
-----------------------	-------	------	------	-------	-------

TOTAL SHAREHOLDERS'	411.5	719.5	885.8	941.8	807.8
----------------------------	-------	-------	-------	-------	-------

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
CONCISE FINANCIAL REPORT

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2015

		Consolidated	
	Note	2015	2014
		\$'000	\$'000
Revenue from continuing operations	3	654,139	625,967
Other income	3	1,793	2,852
Net gain on sale of investment and property	2,3	1,311	21,362
Television costs		(655,620)	(696,648)
Out-of-home costs		(26,543)	(26,278)
Impairment of intangible assets	2	(251,157)	(52,847)
Provision for onerous contracts	2	(6,754)	(8,828)
Restructuring costs	2	(6,283)	(8,669)
Write-down of other assets	2	-	(5,185)
Finance costs		(16,669)	(19,360)
Share of net profit of associates accounted for using the equity		733	1,028
(Loss) before income tax		(305,050)	(166,606)
Income tax (expense)/benefit		(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			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of cash flow hedges		1,023	1,591
Exchange differences on translation of foreign operations		(2,206)	890
Income tax relating to these items		(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	2014
		Cents	Cents
Earnings Per Share			
Basic earnings per share		(12.07)	(6.51)
Diluted earnings per share		(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
CONCISE FINANCIAL REPORT

BALANCE SHEET
AS AT 31 AUGUST 2015

	Consolidated	
	2015	2014
	\$'000	\$'000
Current Assets		
Cash and cash equivalents	14,370	13,439
Receivables	110,523	100,677
Program rights and inventories	175,357	124,165
Current tax assets	3,624	1,093
Other	4,147	3,413
Total Current Assets	308,021	242,787
Non-Current Assets		
Program rights and inventories	5,315	30,119
Investments	18,856	17,644
Property, plant and equipment	44,864	50,991
Intangible assets	481,697	732,854
Other	-	14,107
Total Non-Current Assets	550,732	845,715
Total Assets	858,753	1,088,502
Current Liabilities		
Payables	203,786	154,439
Derivative financial instruments	350	482
Provisions	35,080	42,320
Total Current Liabilities	239,216	197,241
Non-Current Liabilities		
Payables	30,461	49,283
Borrowings	154,904	95,185
Derivative financial instruments	3,193	4,166
Deferred tax liabilities	1,029	561
Provisions	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	2,781,647	2,781,554
Reserves	(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
CONCISE FINANCIAL REPORT

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2015

	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	93	(93)	-	-	-	-
Employee Share Plan Expense	-	6,626	-	6,626	-	6,626
Dividends paid	-	-	-	-	(4,665)	(4,665)
Balance at 31 August 2015	2,781,647	(1,188,778)	(1,182,127)	410,742	746	411,488

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	451	(451)	-	-	-	-
Employee Share Plan Expense	-	1,657	-	1,657	-	1,657
Dividends paid	-	-	-	-	(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
CONCISE FINANCIAL REPORT

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Consolidated	
	2015	2014
	\$'000	\$'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	(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)

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
CONCISE FINANCIAL REPORT

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

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.

**TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
CONCISE FINANCIAL REPORT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1 BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The Concise Financial Report has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1039: Concise Financial Reports and applicable Urgent Issues Group Consensus Views.

The accounting policies adopted are consistent with those of the previous year. A full description of the accounting policies adopted by the consolidated entity may be found in the consolidated entity's Full Financial Report.

Comparative information is reclassified where appropriate to enhance comparability.

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.

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
CONCISE FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

2 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			(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.

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
CONCISE FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

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			(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.

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
CONCISE FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

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 assets	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.

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.

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.

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
CONCISE FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

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.

Consolidated
2015 2014
\$'000 \$'000

3 PROFIT AND LOSS INFORMATION

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

4 TAX LOSSES

As at 31 August 2015, there are unrecorded tax losses of \$47.1m which are available for utilisation by the consolidated entity. 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.

**TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES
CONCISE FINANCIAL REPORT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

5 DIVIDENDS

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.

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.

6 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
CONCISE FINANCIAL REPORT**

DIRECTORS' DECLARATION

In the opinion of the Directors of Ten Network Holdings Limited the accompanying Concise Financial Report of the consolidated entity, comprising Ten Network Holdings Limited and its controlled entities, for the year ended 31 August 2015, set out on pages 28 to 38:

- (a) has been derived from or is consistent with the Full Financial Report for the financial year; and
- (b) complies with Accounting Standard AASB 1039: Concise Financial Reports.

The Concise Financial Report is an extract from the full financial report for the year ended 31 August 2015. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The Concise Financial Report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the Full Financial Report, which is available on request.

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



Mr DL Gordon
Chairman

Sydney



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

Report on the concise financial report

We have audited the accompanying concise financial report of Ten Network Holdings Limited (the Company) which comprises the balance sheet as at 31 August 2015, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of the Company for the year ended 31 August 2015 for the Ten Network Holdings Limited Group (the consolidated entity). The concise financial report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors' responsibility for the concise financial report

The Directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 Concise Financial Reports, and the Corporations Act 2001, and for such internal control as the Directors determine is necessary to enable the preparation of the concise financial report.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of the Ten Network Holdings Limited Group (the consolidated entity) for the year ended 31 August 2015. We expressed an unmodified audit opinion on that financial report in our report dated 26 October 2015. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the concise 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.

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

Liability limited by a scheme approved under Professional Standards Legislation.



Our procedures include testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with AASB 1039 Concise Financial Reports.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of Ten Network Holdings Limited would be in the same terms if given to the Directors as at the date of this auditor's report.

Auditor's opinion

In our opinion, the concise financial report of Ten Network Holdings Limited for the year ended 31 August 2015 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

Report on the remuneration report

The following paragraphs are copied from our report on the remuneration report for the year ended 31 August 2015.

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*.

A stylized, handwritten signature of the PricewaterhouseCoopers firm, written in a cursive script.

PricewaterhouseCoopers

A handwritten signature of SG Horlin, written in a cursive script.

SG Horlin
Partner

Sydney
26 October 2015