

Contents

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES FINANCIAL REPORT

Directors' Report	2
Profit and Loss Statements	6
Balance Sheets	7
Statements of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	31
Independent Auditors' Report	32

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 2000.

Directors

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

Mr JB Studdy (Chairman)

Mr GE Chapman* (Alternate Mr PV Gleeson)

Mr JJ Cowin

Mr LS Freedman (Alternate Mr BG Sechos)

Mr PV Gleeson

Mr PPA Harris

Mr GH Levy

Mr R Magid

Mr AJ Peschar (Alternate Mr BG Sechos)

Mr BM Sherman (Alternate Mr BG Sechos)

Mr PD Viner (Alternate Mr L Asper and Mr T Strike)

* Mr GE Chapman resigned on 10 September 1999.

Principal Activities

The principal activity of Ten Network Holdings Limited is the investment in The Ten Group Pty Limited and controlled entities which operate commercial television licences TEN-10 (Sydney), ATV-10 (Melbourne), TVQ-10 (Brisbane), ADS-10 (Adelaide) and NEW-10 (Perth). This activity was enhanced by the addition of a new activity in October 1999 involving investments in the internet sector.

Profit

The consolidated profit after income tax for the year ended 31 August comprises:

	2000 \$'000	1999 \$'000
Earnings before interest and taxes	190,204	178,241
Subordinated debenture interest	81,998	74,849
Earnings after debenture interest before other interest and taxes	108,206	103,392
Net interest expense – other	2,137	1,497
Operating profit before income tax	106,069	101,895
Income tax expense	33,555	36,043
Operating profit after income tax	72,514	65,852
Profit attributable to outside equity interests	12,032	11,864
Profit attributable to members of Ten Network Holdings Limited	60,482	53,988

Earnings Per Share

	2000 cents	1999 cents
Shareholding earnings per share	16.08	14.82
Economic earnings per share	16.62	15.09
Fully diluted earnings per share	13.44	12.16

Dividends

Since the end of the previous financial year:

- A fully franked ordinary dividend of 14.40 cents per share and in total \$53,983,077 was paid on 4 January 2000 in respect of the results for the year ended 31 August 1999.
- A fully franked ordinary dividend of 15.88 cents per share and in total \$60,473,278 was declared by Directors on 12 October 2000 in respect of the results for the year ended 31 August 2000. The dividend will be payable on 2 January 2001.

Review of Operations

The Directors were satisfied with the results of the consolidated entity for the year.

Significant Changes in the State Of Affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

(a) Village Ten Online Joint Venture

On 6 October 1999 a joint venture with a controlled entity of Village Roadshow Limited was established to develop Scape, an online entertainment and leisure-based business.

(b) AMP Share Exchange

During the year, AMP Life Limited exchanged 5,931,610 shares it held in The Ten Group Pty Limited for an equivalent number of shares in Ten Network Holdings Limited pursuant to the exchange deeds put in place at the time of the restructure and public listing of Ten Network Holdings Limited in April 1998. This exchange increased Ten Network Holdings Limited beneficial interest in The Ten Group Pty Limited to 83.70% (1999 – 82.39%) and its economic interest to 41.85% (1999 – 41.20%).

Except for the matters noted above or otherwise disclosed in the financial report, there were no other significant changes in the state of affairs of the consolidated entity during the year.

Events Subsequent to Balance Date

At the date of this report, no matter or circumstance has arisen since balance date that has significantly affected or may significantly affect:

- the operations in financial years subsequent to 31 August 2000 of the consolidated entity and the entities it controls from time to time; or
- the results of those operations; or
- the state of affairs in financial years subsequent to 31 August 2000 of the consolidated entity.

Likely Developments

Information as to likely developments in the operations of the consolidated entity and the expected result of those operations in subsequent financial years has not been included in this report because, in the opinion of the Directors, it would prejudice the interests of the consolidated entity.

Information on Directors

Director	Responsibility	Appointed/Resigned	Particulars of Directors' Interests in Shares of The Company Ordinary Shares
JB Studdy <i>AM, BEc, FCA</i>	Non Executive Chairman of Board of Directors Member of Audit Committee	Continuing	50,000
GE Chapman <i>BSurv</i>	Non Executive Director	Resigned 10/09/99	–
JJ Cowin <i>BA</i>	Non Executive Director	Continuing	1,000,000
LS Freedman <i>ASA, ASIA, MAus/MM</i>	Non Executive Director	Continuing	39,911,991
PV Gleeson <i>BEcon, ACA</i>	Non Executive Director Chairman of Audit Committee	Continuing Continuing	15,625,328
PPA Harris <i>MA, ASIA</i>	Non Executive Director	Continuing	15,428
GH Levy <i>BComm, LLB, ASIA</i>	Non Executive Director Member of Audit Committee	Continuing Continuing	33,000
R Magid <i>BSc, BA(Maths), MA(Econ)</i>	Non Executive Director	Continuing	150,000
AJ Peschar	Non Executive Director	Continuing	24,499,866
BM Sherman <i>BComm, CTA, SIA, (Aff)</i>	Non Executive Director	Continuing	39,911,991
PD Viner	Non Executive Director	Continuing	–

Directors' Meetings

Director's Name, Alternate name (if applicable)	Date appointed	Date resigned	No. of meetings of Directors held/attended		No. of meetings of committees held/attended	
GE Chapman	16/02/98	10/09/99	–	–	–	–
PV Gleeson	16/02/98	10/09/99	–	–	–	–
JJ Cowin	03/04/98	Continuing	4	3	–	–
LS Freedman	16/02/98	Continuing	4	2	–	–
BG Sechos	16/02/98	Continuing	–	–	–	–
PV Gleeson	16/02/98	Continuing	4	4	4	4
PPA Harris	16/02/98	Continuing	4	3	–	–
GH Levy	03/04/98	Continuing	4	2	4	4
R Magid	03/04/98	Continuing	4	3	–	–
AJ Peschar	16/02/98	Continuing	4	2	–	–
BG Sechos	16/02/98	Continuing	–	–	–	–
BM Sherman	16/02/98	Continuing	4	3	–	–
BG Sechos	16/02/98	Continuing	–	–	–	–
JB Studdy	04/06/98	Continuing	4	4	4	4
PD Viner	03/04/98	Continuing	4	3	–	–
GR Noble	03/04/98	30/6/00	–	–	–	–

The number of meetings held refers to the period whilst a Director.

Director's Holdings of Shares

The relevant aggregate interests of Directors of the Company and their Director-related entities in shares of the ultimate parent entity within the consolidated entity at the year end are set out below:

	2000 '000	1999 '000
Ten Network Holdings Limited		
Ordinary shares	56,785,747	64,682,393

Directors' and Officers' Emoluments

The Remuneration Committee of The Ten Group Pty Limited, consisting of four non-executive directors and one executive director, advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors of the consolidated entity.

Remuneration consists of annual fees and superannuation contributions made in accordance with superannuation guarantee legislation for the Directors performing their duties on the board of Ten Network Holdings Limited and The Ten Group Pty Limited and on various committees. The non-executive Directors do not participate in any option plans.

Currently the maximum amount that may be paid to the Directors in relation to the performance of their duties as non-executive directors of the Company is \$600,000. Directors' fees have been determined on the basis that it will be attractive to proposed board members and so ensure that the Company's board is comprised of skilled and well qualified directors.

Executive remuneration and other terms of employment are reviewed annually by the Committee having regard to performance against goals set at the start of the year and relative comparative information. Remuneration packages are set at levels that are intended to attract and retain skilled and qualified executives.

Details of the nature and amount of each element of the emoluments of each Director of Ten Network Holdings Limited and each of the 5 officers of the consolidated entity receiving the highest emoluments are set out in the following tables. The only officers of Ten Network Holdings Limited are the Company's secretary and Directors.

Non-executive Directors of Ten Network Holdings Limited

Name	Directors' Base	Committee	Superannuation	Total
	Fee/Salary	Fees		
	\$	\$	\$	\$
JB Studdy, Chairman	183,926	–	1,635	185,561
GE Chapman	1,389	–	972	2,361
JJ Cowin	62,000	4,500	–	66,500
LS Freedman	58,729	6,500	4,751	69,980
PV Gleeson	58,729	4,000	4,551	67,280
PPA Harris	62,000	–	–	62,000
GH Levy	58,729	4,000	4,551	67,280
R Magid	62,000	–	–	62,000
AJ Peschar	50,000	–	–	50,000
BM Sherman	58,729	–	4,231	62,960
PD Viner	50,000	–	–	50,000
BG Sechos	–	4,000	320	4,320

*Alternate for LS Freedman,
AJ Peschar and BM Sherman*

GR Noble

Alternate for PD Viner

Other Executives of the Consolidated Entity

Name	Base Salary	Motor Vehicle	Bonus	Other	Superannuation	Total
	\$	\$	\$	\$	\$	\$
J McAlpine <i>Chief Executive Officer</i>	683,526	29,000	206,505	48,750	7,292	975,073
P O'Connell <i>Chief Executive Officer, Ten Ventures</i>	536,238	–	–	150,000	6,703	692,941
P Myers <i>General Manager Corporate Development</i>	384,403	47,795	147,004	50,000	7,292	636,494
G Thorley <i>General Manager Network Operations</i>	381,048	54,188	147,004	30,000	7,292	619,532
G Blackley <i>General Manager Network Sales</i>	305,143	18,012	125,548	17,915	11,001	477,619

Share Options Granted to Directors and Most Highly Remunerated Officers

Options over unissued ordinary shares of Ten Network Holdings Limited granted during or since the end of the financial year to any of the 5 most highly remunerated officers of Ten Network Holdings Limited and the consolidated entity as part of their remuneration were as follows:

Executive Officers	Options Issued
J McAlpine, Chief Executive Officer	500,000
P O'Connell, Chief Executive Officer, Ten Ventures	250,000
P Myers, General Manager Corporate Development	120,000
G Thorley, General Manager Network Operations	120,000
G Blackley, General Manager Network Sales	220,000

The options were granted to J McAlpine on 9 February 2000, and to P O'Connell, P Myers, G Thorley and G Blackley on 15 March 2000 under the Ten Executive Option Plan. Options granted to J McAlpine are exercisable, subject to performance hurdles, at a price of \$2.09 per share, over the next five years. Options granted to each of P O'Connell, P Myers, G Thorley and G Blackley are exercisable, subject to performance hurdles, at a price of \$2.41 per share, over the next five years.

As the options are subject to performance hurdles, the performance of which has not yet been achieved, the amount included as executive remuneration is nil. At year end the share price of Ten Network Holdings Limited was \$2.63. As at 9 October 2000 the share price of Ten Network Holdings Limited was \$2.53.

Shares under Option

Unissued ordinary shares of Ten Network Holdings Limited under option at the date of this report are as follows:

	Number	Issue Price of Shares	Expiry Date
Ten Executive Option Plan	3,275,000	\$1.92	12 August 2003
	4,475,000	\$2.11	24 November 2003
	500,000	\$2.09	9 February 2005
	1,755,000	\$2.41	15 March 2005

Shares Issued on the Exercise of Options

No shares were issued during the year ended 31 August 2000 on the exercise of options granted under the Ten Executive Option Plan.

Contracts with Directors

During the financial year, Competitive Foods Australia Limited entered into agreements in respect of the purchase of television airtime (through an advertising agency) from a controlled entity on normal commercial terms and conditions. Mr JJ Cowin, a Director of the Company, is Chairman of, and has a substantial interest in, Competitive Foods Australia Limited.

Also during the financial year, Wentworth Associates Pty Limited provided the consolidated entity with corporate consultancy services on normal commercial terms and conditions. Mr GH Levy, a Director of the Company, is a director of Wentworth Associates Pty Limited.

Insurance of Officers

During the financial year, a controlled entity 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 include all Directors and all employees in positions of responsibility.

Indemnification of Officers

During the financial year, the Company entered into deeds to indemnify certain officers of the Company and related bodies corporate.

The officers of the Company covered by the deeds include the Directors and alternate Directors of The Ten Group Pty Limited and its controlled entities.

The principal provisions of the deed of indemnity are:

- (a) a grant of certain indemnities in favour of the officers of the Company and its controlled entities in respect of proceedings which may be instituted by or against these officers relating to the performance of their duties;
- (b) the provision of access to the Board papers of the Company and its controlled entities for Directors and alternate Directors; and
- (c) an undertaking that a policy of Directors and officers liability insurance is maintained by the Company in respect of the officer for a period of 10 years after the officer ceases to be an officer of the Company and its controlled entities.

Additionally separate deeds of indemnity cover Messrs Peter Myers and Gerry Thorley.

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

Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in Class Order 98/0100 and accordingly the financial report has been rounded to the nearest thousand dollars.

Signed at Sydney on 12 October 2000 in accordance with a resolution of the Directors.



JB Studdy
Director



PV Gleeson
Director

FOR THE YEAR ENDED 31 AUGUST 2000

	Note	Consolidated		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Total revenue	2	608,241	568,177	61,792	55,510
Operating profit before debenture interest		188,067	176,744	60,478	53,949
Subordinated debenture interest	2	81,998	74,849	–	–
Operating profit before income tax	2	106,069	101,895	60,478	53,949
Income tax expense/(credit) attributable to operating profit	3	33,555	36,043	(4)	(40)
Operating profit after income tax		72,514	65,852	60,482	53,989
Outside equity interests in operating profit after income tax		12,032	11,864	–	–
Operating profit after income tax attributable to members of Ten Network Holdings Limited		60,482	53,988	60,482	53,989
Retained earnings at the beginning of the financial year		23	18	6	–
Available for appropriation		60,505	54,006	60,488	53,989
Dividend proposed	37	60,473	53,983	60,473	53,983
Retained earnings at the end of the financial year		32	23	15	6

The above profit and loss statements should be read in conjunction with the accompanying notes.

Balance Sheets

TEN NETWORK HOLDINGS LIMITED AND CONTROLLED ENTITIES - FINANCIAL REPORT

AS AT 31 AUGUST 2000

	Note	Consolidated		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Current Assets					
Cash	4	38,562	21,570	254	7
Receivables	5	91,067	69,310	61,764	55,507
Program rights	6	89,636	87,703	-	-
Other	7	3,728	1,201	90	62
Total Current Assets		222,993	179,784	62,108	55,576
Non-Current Assets					
Receivables	8	7,483	4,350	-	-
Investments	9	87,946	74,121	824,260	811,674
Program rights	10	548	4,960	-	-
Property, plant and equipment	11	48,782	37,352	-	-
Television licences	12	1,077,822	1,077,822	-	-
Other	13	19,732	7,709	-	-
Total Non-Current Assets		1,242,313	1,206,314	824,260	811,674
Total Assets		1,465,306	1,386,098	886,368	867,250
Current Liabilities					
Accounts payable	14	230,521	229,513	63	445
Provisions	15	150,440	117,380	60,473	53,983
Total Current Liabilities		380,961	346,893	60,536	54,428
Non-Current Liabilities					
Accounts payable	16	21,348	26,223	-	-
Borrowings	17	95,841	45,545	17,734	17,315
Provisions	18	1,665	1,934	25	29
Total Non-Current Liabilities		118,854	73,702	17,759	17,344
Total Liabilities		499,815	420,595	78,295	71,772
Net Assets		965,491	965,503	808,073	795,478
Equity					
Parent entity interest					
Share capital	19	808,058	795,472	808,058	795,472
Retained earnings		32	23	15	6
Equity attributable to members of Ten Network Holdings Limited		808,090	795,495	808,073	795,478
Outside equity interests in controlled entities	20	157,401	170,008	-	-
Total Equity		965,491	965,503	808,073	795,478

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

FOR THE YEAR ENDED 31 AUGUST 2000

	Note	Consolidated		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Cash and its Equivalents	4				
Cash at hand		59	57	–	–
Cash at bank		38,503	21,513	254	7
At end of the financial year		38,562	21,570	254	7
At commencement of the financial year		21,570	15,800	7	1,337
Net Cash Inflow/(outflow) for the year		16,992	5,770	247	(1,330)
Represented by:					
Cash Flows from Operating Activities					
Receipts from customers		579,489	568,247	–	–
Payments to suppliers and employees		(420,183)	(379,674)	(1,724)	(2,507)
Dividend received		1,868	1,573	55,526	22,325
Interest received		1,250	821	9	–
Interest paid		(3,094)	(1,753)	–	–
Income tax (paid)/refunds received		(22,277)	(51,463)	–	–
Net cash flow from operating activities	35	137,053	137,751	53,811	19,818
Cash Flows from Financing Activities					
Advances from controlled entities		–	–	419	1,113
Dividend paid		(65,845)	(28,455)	(53,983)	(22,261)
Debenture interest paid		(67,370)	(59,820)	–	–
Debenture interest – withholding tax		(6,737)	(6,647)	–	–
Bank loan					
Drawdown		120,000	100,000	–	–
Repayment		(70,000)	(130,000)	–	–
Net cash flow used in financing activities		(89,952)	(124,922)	(53,564)	(21,148)
Cash Flows from Investment Activities					
Acquisition of property, plant and equipment		(20,027)	(4,435)	–	–
Proceeds on disposal of property, plant and equipment		1,313	175	–	–
Purchases of equity investments		(8,601)	–	–	–
Sale of equity investments		134	–	–	–
Advances/(repayments)					
Associated companies		–	41	–	–
Other		(2,928)	(2,840)	–	–
Net cash flow used in investment activities		(30,109)	(7,059)	–	–
Net Cash Inflow/(outflow) for the year		16,992	5,770	247	(1,330)

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

FOR THE YEAR ENDED 31 AUGUST 2000

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Law.

It is prepared in accordance with the historical cost convention. The accounting policies adopted are consistent with those of the previous year. Comparative information has been reclassified where appropriate to enhance comparability.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Ten Network Holdings Limited as detailed in Note 21 to the financial statements and results of all controlled entities.

The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated profit and loss statement and balance sheet respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated profit and loss statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

(b) Income Tax

Tax effect accounting has been adopted, whereby income tax expense has been calculated on pre-tax accounting profits after adjustment for permanent taxation differences. The tax effect of timing differences which occur where items are assessed or deducted for income tax purposes in a period different to that for accounting, is shown in the Provision for Deferred Income Tax and Future Income Tax Benefit, as applicable, at taxation rates applicable when such timing differences are expected to reverse, to the extent that the realisation of the Future Income Tax Benefit is considered beyond reasonable doubt. The Future Income Tax Benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation.

(c) Receivables and Revenue Recognition

Advertising revenue is measured prior to any allowance for commissions paid to advertising agencies and is recognised upon airing of the advertisements.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

(d) Property, Plant and Equipment

Depreciation or amortisation is provided on fixed assets other than freehold land so as to write off the cost of the assets progressively over their estimated remaining useful lives. The straight line method of calculating depreciation is applied. The cost of the freehold land and buildings is supported by independent valuations conducted at least once every three years.

Estimates of remaining useful lives are made on a regular basis for all assets. The expected useful lives are as follows:-

	2000	1999
Buildings	40 years	40 years
Plant and Equipment	3 to 10 years	3 to 10 years

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.

(e) Television Licences

Television licences are stated at cost and are supported by independent advice from Grant Samuel & Associates Pty Limited. The television licences continue to be subject to Government legislation and regulation by the Australian Broadcasting Authority ("ABA"). The Directors have no reason to believe that the licences will not be renewed in due course.

The Directors regularly assess the carrying value of licences so as to ensure that they are not carried at a value greater than their recoverable amount. No amortisation is provided against these assets as the Directors believe that the television licences do not have a limited useful life.

Television licences have been included as a separate category under non-current assets. These assets are the principal assets of the consolidated entity and it is considered separate disclosure in the balance sheet is necessary for the consolidated financial report to show a true and fair view of the state of affairs of the consolidated entity at balance date.

(f) Investments

Investments are stated at the lower of cost, equity accounted amount (where applicable) and recoverable amount. Income from investments in controlled entities is brought to account when dividends are declared by the controlled entities. Income from other investments is brought to account when received. The investments in associated companies are detailed in Note 23 to the financial statements and comprise those investments where the consolidated entity exercises significant influence but not control. Information determined in accordance with the equity method of accounting is detailed in Note 23 to the financial statements in respect of material investments in associated companies. The investments in joint venture entities are detailed in Note 24 to the financial statements and comprise those investments where the consolidated entity has a contractual arrangement to undertake an economic activity with one or more parties which is subject to joint control. In the consolidated financial statements investments in joint venture entities are accounted for using the equity method of accounting.

(g) Leases

Operating leases are those leases under which the lessor effectively retains substantially all the risks and benefits incident to ownership of leased non-current assets. Operating lease payments are charged to the profit and loss statement in the periods to which they relate. The consolidated entity has no finance leases.

FOR THE YEAR ENDED 31 AUGUST 2000

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(h) Trade and Other Creditors**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(i) Employee Entitlements

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

A liability for long service leave is recognised, and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

(j) Television Program Rights

Television programs which are available for broadcast are recognised as an asset and stated at residual cost. Series programs are written off in full upon initial airing. Features are amortised over their estimated useful lives. Furthermore, the carrying values of television program rights are reviewed on a periodic basis and, where required, written down to their recoverable value.

The residual cost of television programs 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.

(k) Intercompany Loans

Loans between members of the consolidated entity have no specified terms of repayment but where it is unlikely that such amounts will be repayable within 12 months the advances have been included, as appropriate, in non-current assets or liabilities.

(l) Cash

For purposes of the Statement of Cash Flows, cash includes cash management deposits at call net of outstanding overdrafts.

(m) Interest Bearing Securities

Interest bearing deposits and borrowings are stated at cost with interest income or expense brought to account in the periods to which they relate.

(n) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on bank overdrafts and on short-term and long-term borrowings.

So as to hedge some or all of the financial exposure of the long-term borrowings at variable market determined interest rates, the consolidated entity enters into interest swap contracts. The costs of such contracts are brought to account in the periods to which they relate and are included in interest expense.

(o) Program Development

The consolidated entity's long term commitment to program planning and development requires significant expenditure on an infrequent basis. Accordingly, where appropriate, amounts are set aside as a charge against revenue to reflect more properly the ongoing nature of these expenses in the periods in which they accrue.

(p) Revaluation of Non-Current Assets

The consolidated entity may revalue certain assets from time to time or as detailed elsewhere in this report to amounts supported by independent valuations. The carrying value is expected not to exceed the recoverable amount in net cash flow arising from its continued use and subsequent disposal and have been discounted to their present value.

Potential capital gains tax is not taken into account unless there is an intention to sell the assets concerned.

(q) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount the asset is revalued to its recoverable amount. Where the net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. To the extent that a revaluation decrement reverses a revaluation increment previously credited to, and still included in the balance of the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise the decrement is recognised as an expense in the profit and loss statement.

(r) Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets, regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

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 the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

A liability for restructuring costs is recognised as at the date of acquisition of an entity or part thereof when there is a demonstrable commitment to a restructuring of the acquired entity and a reliable estimate of the amount of the liability can be made.

(s) Currency Conversion

Foreign currency transactions are translated at the rate applicable 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 profit and loss statement.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(t) Capitalised Costs**

Material items of expenditure are capitalised to the extent that management consider that it is probable that future economic benefits embodied in the expenditure will eventuate and can be reliably measured, do not relate solely to revenue that has already been brought to account and will contribute to the future earning capacity of the entity.

(u) Earnings Per Share*(i) Shareholding Earnings per Share*

Shareholding earnings per share is determined by dividing the operating profit after income tax attributable to members of Ten Network Holdings Limited by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Economic Earnings per Share

Economic earnings per share adjusts the shareholding earnings per share to reflect the economic interest in The Ten Group Pty Limited and the potential exercise of options issued during the financial year. The difference between the voting and economic interests in The Ten Group Pty Limited arises due to subordinated debentures in The Ten Group Pty Limited held by CanWest Global Communications Corp. ("CanWest").

(iii) Fully Diluted Earnings per Share

Fully diluted earnings per share has been calculated on the basis that the convertible debentures in The Ten Group Pty Limited had been converted and the subordinated debentures had been redeemed. This method also reflects the potential conversion of options over ordinary shares in Ten Network Holdings Limited during the year.

It should be noted, however, that under current Australian law CanWest is unable to convert its convertible debentures in The Ten Group Pty Limited. Although a qualified Australian purchaser would be entitled to convert these securities into ordinary shares in The Ten Group Pty Limited, the likelihood of conversion in the current circumstances is considered remote.

FOR THE YEAR ENDED 31 AUGUST 2000

	Note	Consolidated		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
2 OPERATING REVENUE AND OPERATING PROFIT					
Revenue from Operating Activities					
Network fees – other		24,184	21,480	–	–
Television related activities		578,382	542,149	–	–
		602,566	563,629	–	–
Revenue from Outside the Operating Activities					
Dividend received					
Controlled entity		–	–	61,764	55,508
Other		4,258	3,634	19	–
Interest received					
Other		1,250	821	9	2
Foreign currency gain realised		90	23	–	–
Net profit on sale of property, plant and equipment		77	70	–	–
Total Revenue		608,241	568,177	61,792	55,510
Expenses					
Auditors' remuneration	27	769	626	42	68
Directors' remuneration	25	750	899	479	600
Foreign currency losses realised		51	163	–	–
Interest					
Subordinated debentures	32	81,998	74,849	–	–
Related entity	32	–	495	–	–
Other		3,386	1,823	–	–
Operating lease rentals		16,441	20,016	–	–
Amortisation and depreciation					
Plant and equipment		5,132	5,462	–	–
Leasehold improvements		43	42	–	–
Building		261	263	–	–
Program rights		132,033	122,731	–	–
Amounts provided					
Doubtful debts		(469)	600	–	–
Program rights		3,794	1,520	–	–
Employee entitlements		5,805	5,491	–	–
Program development		1,309	1,097	–	–

	Note	Consolidated		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
3 INCOME TAX					
The prima facie tax expense (36% 10 months to 30 June 2000; 34% 2 months to 31 August 2000) (1999:36%) on the operating profit is reconciled to income tax expense as follows:					
Operating profit before income tax		106,069	101,895	60,478	53,949
Prima facie tax payable		37,864	36,682	20,541	19,422
Tax effect of permanent differences:					
Non deductible expenditure/(non-assessable income)		(810)	299	-	-
Tax losses not brought to account		440	520	440	520
Tax rate change		275	-	-	-
Prior year adjustments		(2,688)	(150)	-	-
Dividend rebate		(1,526)	(1,308)	(20,985)	(19,982)
		33,555	36,043	(4)	(40)
Income tax expense comprises:					
Provision for tax		42,005	37,148	-	-
Future income tax benefit		(8,450)	(1,105)	-	-
Provision for deferred income tax		-	-	(4)	(40)
		33,555	36,043	(4)	(40)
Future income tax benefit comprises:					
Timing differences		29,393	47,576	-	-
Items with common maturity offset against provision for deferred income tax		(13,234)	(39,867)	-	-
	13	16,159	7,709	-	-
Provision for deferred income tax comprises:					
Timing differences		13,234	39,867	25	29
Items with common maturity offset against future income tax benefit		(13,234)	(39,867)	-	-
	18	-	-	25	29
No part of the future income tax benefit shown in Note 13 is attributable to tax losses.					
The potential future income tax benefit relating to tax losses not brought to account is:		1,027	587	1,027	587

The benefit for tax losses will only be obtained if:

- (i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

FOR THE YEAR ENDED 31 AUGUST 2000

	Note	Consolidated		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
4 CASH					
Cash on hand		59	57	–	–
Cash at bank	30	38,503	21,513	254	7
		38,562	21,570	254	7
5 RECEIVABLES (CURRENT)					
Trade debtors		99,345	77,928	–	–
Provision for doubtful debts		(7,640)	(8,280)	–	–
Provision for advertising credits		(656)	(561)	–	–
		91,049	69,087	–	–
Dividend receivable					
Controlled entity	32	–	–	61,764	55,507
Loans and advances					
Associated company	32	2	209	–	–
Other		16	14	–	–
		18	223	61,764	55,507
		91,067	69,310	61,764	55,507
6 PROGRAM RIGHTS (CURRENT)					
Program rights	1(j)	89,636	87,703	–	–
7 OTHER ASSETS (CURRENT)					
Prepayments and sundry debtors		3,013	1,201	90	62
Capitalised costs	1(t)	715	–	–	–
		3,728	1,201	90	62
8 RECEIVABLES (NON-CURRENT)					
Loans and advances					
Associated companies	32	746	558	–	–
Joint venture entities	32	4,085	–	–	–
Directors of controlled entities	32	350	350	–	–
Other		2,302	3,442	–	–
		7,483	4,350	–	–

	Note	Consolidated		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
9 INVESTMENTS					
Listed securities					
Other – cost	23	79,726	72,801	–	–
Unlisted securities					
Controlled entities – cost	21	–	–	824,260	811,674
Associated companies – cost	23	2,119	1,320	–	–
Joint venture entities	24	5,692	–	–	–
Other		409	–	–	–
		87,946	74,121	824,260	811,674

The market value at 31 August 2000 of Listed Securities was \$106,226,000 (1999:\$93,527,000).

10 PROGRAM RIGHTS (NON-CURRENT)

Program rights	1(j)	548	4,960	–	–
----------------	------	-----	-------	---	---

11 PROPERTY, PLANT AND EQUIPMENT

Freehold land					
At cost		12,135	12,805	–	–
Freehold buildings					
At cost		7,870	8,087	–	–
Accumulated depreciation		(627)	(374)	–	–
		7,243	7,713	–	–
Leasehold improvements					
At cost		367	266	–	–
Accumulated amortisation		(103)	(60)	–	–
		264	206	–	–
Plant and equipment					
At cost		38,154	21,963	–	–
Accumulated depreciation		(9,014)	(5,335)	–	–
		29,140	16,628	–	–
Total property, plant and equipment					
Net book value	1(d)	48,782	37,352	–	–

FOR THE YEAR ENDED 31 AUGUST 2000

	Note	Consolidated		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
12 TELEVISION LICENCES					
Cost	1(e)	1,077,822	1,077,822	-	-
13 OTHER ASSETS (NON-CURRENT)					
Future income tax benefit	3	16,159	7,709	-	-
Capitalised costs	1(t)	3,573	-	-	-
		19,732	7,709	-	-
14 ACCOUNTS PAYABLE (CURRENT)					
Trade creditors					
Other		147,669	154,553	63	445
Accrued Interest					
Related entity	32	82,741	74,850	-	-
Accrued salaries and wages		111	110	-	-
		230,521	229,513	63	445
15 PROVISIONS (CURRENT)					
Dividend	37	72,505	65,846	60,473	53,983
Employee entitlements	1(i)	10,161	8,561	-	-
Income tax	3	39,921	20,194	-	-
Sundry		27,853	22,779	-	-
		150,440	117,380	60,473	53,983
16 ACCOUNTS PAYABLE (NON-CURRENT)					
Trade creditors					
Other		21,348	26,223	-	-
17 BORROWINGS (NON-CURRENT)					
Financial instruments					
Bank loan	30	50,000	-	-	-
Debentures					
Subordinated	30,32	45,500	45,500	-	-
Convertible	30,32	45	45	-	-
Other and unsecured					
Controlled entity	32	-	-	17,734	17,315
Associated company	32	296	-	-	-
		95,841	45,545	17,734	17,315

	Note	Consolidated		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
18 PROVISIONS (NON-CURRENT)					
Provision for deferred income tax	3	–	–	25	29
Employee entitlements	1(i)	1,665	1,934	–	–
		1,665	1,934	25	29

19 SHARE CAPITAL

(a) Paid up capital

380,814,092 (1999 – 374,882,482) ordinary shares fully paid	808,058	795,472	808,058	795,472
---	---------	---------	---------	---------

(b) Movements in issued and paid up ordinary share capital during the past three years were as follows:

Date	Details	Notes	Number of Shares	Issue Price	\$'000
03.04.98	Share Issue – Scheme of Arrangement	(c)	182,000,000	2.15	391,300
03.04.98	Share Issue	(d)	174,175,010	2.15	374,476
03.04.98	Issue Costs Written Off		–		(10,000)
31.08.98	Balance 31 August 1998		356,175,010		755,776
24.12.98	AMP Exchange	(e)	10,097,372	2.122	21,426
02.07.99	AMP Exchange	(e)	8,610,100	2.122	18,270
31.08.99	Balance 31 August 1999		374,882,482		795,472
14.06.00	AMP Exchange	(e)	5,931,610	2.122	12,586
31.08.00	Balance 31 August 2000		380,814,092		808,058

(c) These shares were issued to shareholders of Telecasters North Queensland Limited in exchange for the issued shares of Telecasters North Queensland Limited under a court approved scheme of arrangement.

(d) These shares were offered as part of the listing of Ten Network Holdings Limited on the Australian Stock Exchange.

(e) AMP Life Limited exchanged shares it held in The Ten Group Pty Limited for an equivalent number of shares in Ten Network Holdings Limited pursuant to the exchange deeds put in place at the time of the restructure and public listing of Ten Network Holdings Limited in April 1998. These exchange deeds provide a mechanism to allow AMP Life Limited and other shareholders who retained direct shareholdings in The Ten Group Pty Limited at the time of the float to later convert their holding of shares in The Ten Group Pty Limited for shares in Ten Network Holdings Limited. Given that a share in Ten Network Holdings Limited is a proxy for a share in The Ten Group Pty Limited, the deed provides for the exchange on a one-for-one basis.

FOR THE YEAR ENDED 31 AUGUST 2000

19 SHARE CAPITAL (CONTINUED)

(f) The CanWest Group has rights under the exchange deeds entered into with the Company in April 1998 to have 523,249,990 ordinary shares allotted to it, and other shareholders in The Ten Group Pty Limited had similar rights to have allotted to them 30,575,000 ordinary shares. AMP Life Limited has subsequently converted 24,639,082 in The Ten Group Pty Limited for ordinary shares in the Company.

The shares issued to the CanWest Group under the exchange deeds would represent 57.5% of the issued capital of the Company on a fully diluted basis, excluding any shares issued pursuant to employee options.

The Australian Securities & Investments Commission has, by an instrument dated 16 June 2000, exempted the CanWest Group from compliance with section 606 of the Corporations Law in relation to an acquisition of shares in the Company by virtue of an allotment pursuant to the CanWest exchange deeds.

Accordingly, if the Broadcasting Services Act and foreign investment law or policy in relation to media were to change such that CanWest could exchange part or all of its securities in the Ten Group Pty Limited for new shares, CanWest would be entitled to acquire new shares beyond an entitlement of 19.99% of shares in the Company without the need to seek shareholder approval or to make a takeover bid for shares in the Company.

(g) A total of 10,005,000 options to take up ordinary shares in the capital of Ten Network Holdings Limited have been granted under the Ten Executive Option Plan ("the Plan") to senior management of a controlled entity, Network Ten Pty Limited. A total of 3,275,000 of these options are exercisable subject to performance hurdles at a price of \$1.92 over the following three years. A total of 4,475,000 of these options are exercisable subject to performance hurdles at a price of \$2.11 over the next three years. A total of 500,000 of these options are exercisable subject to performance hurdles at a price of \$2.09 over the following five years. A total of 1,755,000 of these options are exercisable subject to performance hurdles at a price of \$2.41 over the next five years. As of the date of this report no options have been converted into shares.

	Consolidated	
	2000	1999
	\$'000	\$'000

20 OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES

Interest in:

Share capital	7,419	8,012
Reserves	127,975	138,229
Retained earnings	22,007	23,767
	157,401	170,008

	Note	Amount of Investment	
		2000 \$'000	1999 \$'000
21 INVESTMENTS IN CONTROLLED ENTITIES			
Name of entity			
The Ten Group Pty Limited		808,058	795,472
Entities held by The Ten Group Pty Limited:			
Ten Pay TV Pty Limited (i)			
Network Ten Pty Limited (i)			
Ten Ventures Pty Limited			
Entities held by Network Ten Pty Limited			
Network Ten (Sydney) Pty Limited (i)			
Network Ten (Melbourne) Pty Limited (i)			
Network Ten (Brisbane) Pty Limited (i)			
Television & Telecasters (Properties) Pty Limited (i)			
Caprice Pty Limited (i)			
Chartreuse Pty Limited (i)			
Entities held by Ten Ventures Pty Limited			
Ten Online Pty Limited			
Entities held by Caprice Pty Limited			
Network Ten (Adelaide) Pty Limited (i)			
Entities held by Chartreuse Pty Limited			
Network Ten (Perth) Pty Limited (i)			
Selli Pty Limited			
Telecasters North Queensland Pty Limited		16,202	16,202
	9	824,260	811,674

All of the above controlled entities are incorporated in Australia and 100% owned except for The Ten Group Pty Limited and its controlled entities in which the Company has a 83.70% interest.

- (i) These controlled entities 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. These companies represent a "Closed Group" for the purpose of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are not controlled by the Company, they also represent the "Extended Closed Group".

FOR THE YEAR ENDED 31 AUGUST 2000

	Interest %	Consideration		Amount of Investment	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
22 ACQUISITION OF CONTROLLED ENTITIES					
The Ten Group Pty Limited (i)	77.49	–	748,243	–	748,243
The Ten Group Pty Limited (ii)	4.11	–	39,696	–	39,696
The Ten Group Pty Limited (ii)	1.3	12,586	–	12,586	–
		12,586	787,939	12,586	787,939

(i) The acquisition resulted from the sale to Ten Network Holdings Limited of shares in The Ten Group Pty Limited held by TNQ Television Pty Limited, Donholken Pty Limited, Selli Pty Limited, Turnand Pty Limited and Numeration Pty Limited.

(ii) These acquisitions resulted from the exchange of shares held by AMP Life Limited in The Ten Group Pty Limited into an equivalent number of shares in Ten Network Holdings Limited. Details are provided in Note 19.

The aggregate direct and indirect voting interest in The Ten Group Pty Limited is 83.70%.

23 OTHER INVESTMENTS

Associated Companies

Investments in associated companies are stated at cost and comprise:

Name of company	Principal Activity/Note	Ownership Interest		Consolidated Amount of Investment	
		2000 %	1999 %	2000 \$'000	1999 \$'000
Held by Network Ten Pty Limited					
TX Australia Pty Limited	(ii)	33.33	–	2,119	–
Oztam Pty Limited	(iii)	33.33	–	0	–
Held by Network Ten (Sydney) Pty Limited					
Australian Programme Services Pty Limited (in liquidation)	(i)	25.00	25.00	0	0
STF Pty Limited	(ii)	–	33.33	–	0
Transmitters Pty Limited	(ii)	–	50.00	–	0
Held by Network Ten (Melbourne) Pty Limited					
Australian Programme Services Pty Limited (in liquidation)	(i)	25.00	25.00	0	0
Melbourne Translator Facility Pty Limited	(ii)	–	33.33	–	0
Misty River Pty Limited	(ii)	–	50.00	–	1,320
Held by Network Ten (Brisbane) Pty Limited					
Gold Coast Translators Pty Limited	(ii)	–	25.00	–	0
		9		2,119	1,320

Where the cost of shares in associated companies is less than \$500 it is shown as \$0. The principal activities of the associated companies have been categorised as:

- (i) Television Program Storage and Distribution
- (ii) Television Transmitter and Translator Services
- (iii) Television Ratings Services

23 OTHER INVESTMENTS (CONTINUED)**Other Companies**

Other investments in listed companies are stated at cost and comprise:

Name of company	Note	Ownership Interest		Amount of Investment	
		2000 %	1999 %	2000 \$'000	1999 \$'000
Southern Cross Broadcasting (Australia) Limited		14.83	14.76	31,407	29,619
Telecasters Australia Limited		14.86	14.86	19,598	19,598
Television & Media Services Limited		11.60	11.97	26,355	23,584
Emitch Limited		2.82	–	2,366	–
	9			79,726	72,801

24 INTERESTS IN JOINT VENTURE ENTITIES

Name	Principal Activities	Balance Date	Ownership Interest %	Investment Carrying Amount			
				Consolidated		The Company	
				2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
VIO Ten Corporation Limited *	Investments	30 June	50	5,692	–	–	–

* Incorporated on 6 October 1999.

Profit and loss

The joint venture entity profit and loss for the period ended 30 June 2000 was nil.

Balance Sheet

The Company's and consolidated entity's share of the joint venture entity's assets and liabilities as at 30 June 2000 consist of:

Current assets	504	–	–	–
Non-current assets	7,100	–	–	–
Total assets	7,604	–	–	–
Current liabilities	(1,912)	–	–	–
Non-current liabilities	–	–	–	–
Total liabilities	(1,912)	–	–	–
Share of net assets	5,692	–	–	–

Movements in carrying amount of joint venture entity

	Note	2000	1999	2000	1999
Carrying amount at the beginning of the financial year		–	–	–	–
Investment in joint venture entities acquired during the year		5,692	–	–	–
Carrying amount at the end of the financial year	9	5,692	–	–	–

There were no commitments or contingencies in respect of the joint venture at the end of the financial year.

FOR THE YEAR ENDED 31 AUGUST 2000

	Consolidated		The Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000

25 DIRECTORS' REMUNERATION

Income paid or payable, or otherwise made available, to Directors by entities in the consolidated entity and related parties in connection with the management of the affairs of the Company or its controlled entities

750	899	479	600
-----	-----	-----	-----

No options have been granted to the Directors of the Company.

	Consolidated	
	2000	1999
The number of Directors of the Company whose income was within the following bands: \$'000		
0 - 10	3	1
10 - 20	-	1
50 - 60	2	2
60 - 70	7	1
70 - 80	-	7
180 - 190	1	1

26 REMUNERATION OF EXECUTIVES

	Executive Officers of the Consolidated Entity		Executive Officers of The Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by executive officers (including Directors) whose remuneration was at least \$100,000:				
Executive officers of the Company	-	-	-	-
Executive officers of other entities in the consolidated entity	8,608	6,250	-	-
	8,608	6,250	-	-

A summary of the numbers of options granted to and exercised by executive officers (with income of at least \$100,000) during the period ended 31 August 2000 is set out below. The terms and conditions relating to the options are set out in Note 19.

	Granted	Exercised	Outstanding
Executive officers of the Company	-	-	-
Executive officers of other entities in the consolidated entity	2,255,000	-	2,255,000
	2,255,000	-	2,255,000

26 REMUNERATION OF EXECUTIVES (CONTINUED)

The number of executive officers (including Directors) whose remuneration from entities in the consolidated entity and related parties was within the specified bands are as follows:

	Executive Officers of the Consolidated Entity		Executive Officers of The Company	
	2000	1999	2000	1999
\$'000				
100 – 110	2	–	–	–
110 – 120	3	2	–	–
120 – 130	2	–	–	–
130 – 140	–	1	–	–
140 – 150	1	3	–	–
150 – 160	1	–	–	–
160 – 170	3	3	–	–
170 – 180	1	4	–	–
180 – 190	2	–	–	–
190 – 200	1	3	–	–
200 – 210	1	–	–	–
210 – 220	2	3	–	–
220 – 230	3	1	–	–
230 – 240	1	–	–	–
250 – 260	1	–	–	–
280 – 290	1	1	–	–
300 – 310	–	1	–	–
340 – 350	1	1	–	–
420 – 430	1	–	–	–
470 – 480	1	–	–	–
510 – 520	–	1	–	–
530 – 540	–	1	–	–
610 – 620	1	–	–	–
630 – 640	1	–	–	–
690 – 700	1	–	–	–
820 – 830	–	1	–	–
970 – 980	1	–	–	–

FOR THE YEAR ENDED 31 AUGUST 2000

	Note	Consolidated		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
27 AUDITORS' REMUNERATION					
Remuneration for audit or review of the financial reports of the Company or any entity in the consolidated entity:					
Auditors of the Company					
Company		42	40	42	40
Controlled entities		160	156	–	–
		202	196	42	40
Remuneration for other services by the Company's auditors					
Company		30	28	–	28
Controlled entities		537	402	–	–
		567	430	–	28
	2	769	626	42	68

The auditors' remuneration for other services attributable to the Company is borne by a controlled entity.

28 COMMITMENTS**(a) Capital expenditure**

Amounts contracted but not provided:

No later than one year		4,074	4,737	–	–
------------------------	--	-------	-------	---	---

(b) Program expenditure

Amounts contracted but not provided:

No later than one year		49,912	80,060	–	–
Later than one year but no later than five years		88,840	133,775	–	–
		138,752	213,835	–	–

(c) Operating leases

Amounts contracted but not provided:

No later than one year		22,488	19,082	–	–
Later than one year but no later than five years		58,249	32,165	–	–
Later than five years		44,667	32,422	–	–
		125,404	83,669	–	–

(d) Superannuation

The consolidated entity contributes superannuation benefits to numerous, but solely accumulation-type superannuation funds including personal, award based and the company administered fund at various percentages of salary pursuant to employee contracts and statutory obligations.

The assets of the company administered fund are at all times sufficient to satisfy all benefits that would have been payable in the event of the termination of the fund, and voluntary or compulsory termination of employment by each employee.

	Note	2000 \$'000	Consolidated 1999 \$'000
29 FOREIGN CURRENCY EXPOSURE			
Amounts not effectively hedged			
Receivable			
Current – United States Dollar		–	81
30 FINANCIAL INSTRUMENTS			
Variable interest rate exposure			
Borrowings			
Bank loan	17	50,000	–
Amounts effectively hedged at balance date			
Natural hedge			
Cash at bank	4	38,503	21,513
Hedging instruments			
Swap contracts		25,000	15,000
		63,503	36,513
Amounts not effectively hedged at balance date			
Average interest rate at balance date			
		5.9%	5.2%
Other Financial Instruments			
Trade and other creditors	14,16	251,869	255,736
Receivables	5,8	98,550	73,660

The terms and conditions of financial instruments at balance date are:

	Security	Facility \$000	Period to Maturity
Bank loan	Secured – Note (i)	500,000	5 years
Bank overdraft	Secured – Note (i)	19,300	On demand
Subordinated debentures	Unsecured	45,500	43 years – Note (ii)
Convertible debentures	Unsecured	45	38 years – Note (iii)
Swap contracts	Secured – Note (i)	25,000	Note (iv)

Notes:

- (i) The consolidated entity has granted a fixed and floating charge over all assets as security for the Bank Loan, Overdraft and Swap Contracts.
- (ii) The 45,500,000 subordinated debentures of \$1 each fully paid have a base interest rate of 15%. The rate of interest paid will be adjusted to the rate of dividend distribution (grossed up for Australian non-resident interest withholding tax to the extent such dividends are franked) should the dividend distribution amount exceed the base rate in any year. An equivalent amount of interest is also payable in the same proportion to any additional dividend distributions that may be paid from retained earnings. The notes cannot be redeemed until 30 December 2042, except to the extent the convertible debentures have to be converted.
- (iii) The 455,000 convertible debentures of \$1.01 each partly paid to 10 cents have a market linked interest rate and can each be converted to 1,000 ordinary shares at the option of the debenture holder in certain circumstances within 45 years from the date of issue.
- (iv) The interest rate swap contract matures in January 2002 and is set at 6.99%. It is Company policy to protect a portion of the loan exposure during the year from increases in interest rates.

FOR THE YEAR ENDED 31 AUGUST 2000

30 FINANCIAL INSTRUMENTS (CONTINUED)

Off-balance sheet financial assets and liabilities

Except for the interest rate swap contract, the consolidated entity has no other off-balance sheet financial assets and liabilities.

Credit risk exposures

The credit risk on financial assets of the consolidated entity which have been recognised in the balance sheet is the carrying amount, net of any provision for doubtful debts.

Net fair value of financial assets and liabilities

The net fair value of financial assets and liabilities of the consolidated entity is their carrying value. For equity investments, the fair value is an assessment by the Directors based on any special circumstances pertaining to a particular investment.

31 EMPLOYEE ENTITLEMENTS

At general meetings of the Company and its controlled entity, The Ten Group Pty Limited, held on 3 July 1998, the shareholders approved the establishment of a number of employee share plans. These are as follows:

The Ten Executive Option Plan

The Ten Executive Option Plan involves the issue of options in Ten Network Holdings Limited to executives and senior management of the Company and its controlled entities. The total number of options that may be issued have been limited to 5% of the issued capital of Ten Network Holdings Limited. At balance date total options issued amounted to 10,005,000. A total of 3,275,000 of these options are exercisable subject to performance hurdles at a price of \$1.92 per share over the following three years. A total of 4,475,000 of these options are exercisable subject to performance hurdles at a price of \$2.11 per share over the following three years. A total of 500,000 of these options are exercisable subject to performance hurdles at a price of \$2.09 per share over the following five years. A total of 1,755,000 of these options are exercisable subject to performance hurdles at a price of \$2.41 per share over the next five years. As of the date of this report no options have been converted into shares.

Directors have had regard to the particular capital structure of the Company and The Ten Group Pty Limited and have implemented arrangements to ensure that dilution arising from the issue of new shares in the Company under the terms of the Plan are matched at The Ten Group Pty Limited level.

The Ten Employee Award Plan

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

The Ten Employee Savings Plan

The Ten Employee Savings Plan was established as a mechanism for employees of The Ten Group Pty Limited to acquire on-market shares in Ten Network Holdings Limited. Employees may set aside amounts from their remuneration and reward arrangements for the on market purchase of such shares.

	Note	Consolidated		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
32 RELATED PARTY INFORMATION					
Ownership interest in related entities					
Controlled entities	21	–	–	824,260	811,674
Associated companies	23	2,119	1,320	–	–
Joint venture entities	24	5,692	–	–	–
		7,811	1,320	824,260	811,674
Amounts receivable from/(payable to) related entities					
Controlled entities					
Dividends Receivable	5	–	–	61,764	55,507
Payable	17	–	–	(17,734)	(17,315)
		–	–	44,030	38,192
Associated companies					
Receivable	5,8	748	767	–	–
Joint venture entities					
Receivable	8	4,085	–	–	–
Related entities					
Payable	14	(82,741)	(74,850)	–	–
Subordinated debentures	17	(45,500)	(45,500)	–	–
Convertible debentures	17	(45)	(45)	–	–
Other	17	(296)	–	–	–
		(128,582)	(120,395)	–	–

The amount of interest ultimately payable is dependent on the amount of any dividend paid by the controlled entity, The Ten Group Pty Limited.

Financial transactions with related entities

Entity's name	Note	Nature of transaction at normal commercial terms
With related entities:		
CanWest Global Communications Corp. (Group)	2	Interest on subordinated debentures and convertible debentures

Loans to Directors

Loans to Directors of controlled entities disclosed in Note 8 are secured and mature in two years or on the date of employment termination. No interest is payable on the loans and there have been no repayments in the current period.

FOR THE YEAR ENDED 31 AUGUST 2000

33 CONTINGENT LIABILITIES**Australian Taxation Office Review**

The Australian Tax Office's ("ATO") review of certain aspects of the affairs of the economic entity, which commenced in 1995, has not yet concluded.

The economic entity continues to exchange information with the ATO in relation to the treatment of interest on the subordinated debentures with a view to obtaining a resolution in the near future. No assessment has been issued by the ATO in relation to this matter.

If a dispute were to arise in relation to the treatment of interest on the subordinated debentures, the tax deductibility of the interest in respect of the subordinated debentures or any penalties which may be imposed, The Ten Group Pty Limited, the relevant controlled entity, would vigorously defend its position. The Ten Group Pty Limited considers that its current tax treatment is appropriate and that the matter is therefore not likely to have a material effect on the financial position of the economic entity.

Interest paid or payable to date pursuant to the subordinated debentures in respect of which tax deductions have been or will be claimed since inception is \$384m. A change in the tax treatment of interest in respect of the subordinated debentures is likely to impact the amount available for distribution as dividends.

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.

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

	Consolidated		The Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Unsecured guarantees by the consolidated entity in respect of leases of controlled entities	54,186	56,097	54,186	56,097

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

34 SEGMENT INFORMATION**Industry Segments**

Total Revenue – external parties

Television	608,241	568,177
Ventures	–	–
	608,241	568,117

Segment Results

Earnings before interest and tax

Television	194,617	178,241
Ventures	(4,413)	–
	190,204	178,241

Consolidated operating profit before tax

Television	110,482	101,895
Ventures	(4,413)	–
	106,069	101,895

Segment Assets

Television	1,452,701	1,386,098
Ventures	12,605	–
Total assets	1,465,306	1,386,098

34 SEGMENT INFORMATION (CONTINUED)**Geographic Segments**

The economic entity operates principally within Australia.

	Note	Consolidated		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000

35 NOTES TO THE STATEMENTS OF CASH FLOWS**Reconciliation of operating profit after income tax to net cash from operating activities**

Operating profit after income tax		72,514	65,852	60,482	53,989
Non-cash revenue					
Other		(4,560)	(5,216)	–	–
Liquidation dividends		–	–	–	(488,726)
Writedown on investments of controlled entities		–	–	–	488,726
Non-cash expenses		12,351	13,355	–	–
Profit on sale of non-current assets		(77)	(70)	–	–
Debenture interest accrued		81,998	74,850	–	–
Other interest income		–	495	–	–
Amount (paid)/ refunded from provisions		1,777	(10,141)	–	–
Net increase/(decrease) in tax provisions		11,278	(15,421)	(4)	(40)
Net increase/(decrease) in accrued revenue and expense items in payables/(receivables)		(38,228)	14,047	(6,667)	(34,131)
Net cash from operating activities		137,053	137,751	53,811	19,818

Non-cash financing and investing activities

During the year Ten Network Holdings Limited issued 5,931,610 shares to AMP Life Limited in consideration for the acquisition by Ten Network Holdings Limited from AMP Life Limited of 5,931,610 shares in The Ten Group Pty Limited pursuant to the relevant exchange deeds detailed in the Prospectus. This resulted in Ten Network Holdings Limited's issued capital increasing to 380,814,092 shares and the number of shares it owns in The Ten Group Pty Limited increasing to 380,814,092 representing an increase in its voting interest in The Ten Group Pty Limited from 82.39% to 83.70%.

36 DEED OF CROSS GUARANTEE

The Ten Group Pty Limited and the controlled entities as detailed in Note 21 are parties to a Deed of Cross Guarantee which has been lodged with and approved by the Australian Securities and Investments Commission. Under the Deed of Cross Guarantee each of the companies guarantees the debts of the other named companies.

FOR THE YEAR ENDED 31 AUGUST 2000

	Note	Consolidated		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
37 DIVIDENDS					
Ordinary dividend proposed					
Franked @ 34% (1999:36%)	15			60,473	53,983
Ordinary dividend paid					
Franked @ 36% (1999:36%)				53,983	22,261
Franking credits available for the subsequent financial year		88,863	86,519	25,895	22,533

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 income tax payable as at 30 June 2000;
- (b) franking debits that will arise from the payment of dividends proposed or provided as at the end of the year; and
- (c) franking credits that may be prevented from being distributed in the subsequent year.

	Consolidated	
	2000 cents	1999 cents
38 EARNINGS PER SHARE		
Shareholding earnings per share	16.08	14.82
Economic earnings per share	16.62	15.09
Fully diluted earnings per share	13.44	12.16
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	376,075,340	364,375,083

Information Concerning the Classification of Securities

(a) Options

Options granted to executives under the Ten Executive Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share. Details of the options are set out in Note 31.

(b) Convertible Notes

Convertible notes on issue in a controlled entity are considered to be potential ordinary shares of the controlled entity and accordingly would impact the earnings after tax included in the consolidated result of the consolidated entity and therefore in the determination of diluted earnings per share. The notes have not been included in the determination of basic earnings per share. Details relating to the notes are set out in Note 30.

39 SUBSEQUENT EVENTS

At the date of this report, no matter or circumstance has arisen since balance date that has significantly affected or may significantly affect:

- the operations in financial years subsequent to 31 August 2000 of the consolidated entity and the entities it controls from time to time; or
- the results of those operations; or
- the state of affairs in financial years subsequent to 31 August 2000 of the consolidated entity.

The directors declare that the financial statements and notes set out on pages 6 to 30:

- (a) comply with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's and consolidated entity's financial position as at 31 August 2000 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Law; and
- (b) there are reasonable grounds to believe that the company 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 21 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 36.

SIGNED at Sydney on 12 October 2000 in accordance with a resolution of the Directors.



JB Studdy
Director



PV Gleeson
Director

TO THE MEMBERS OF TEN NETWORK HOLDINGS LIMITED

Scope

We have audited the financial report of Ten Network Holdings Limited (the Company) for the year ended 31 August 2000 as set out on pages 6 to 31. The Company's Directors are responsible for the financial report which includes the financial statements of the Company and the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of, or during, the financial year. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

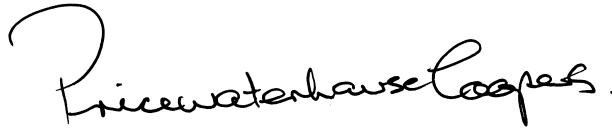
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Law so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of the Company is in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 31 August 2000 and of their performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



PricewaterhouseCoopers

Chartered Accountants



EP Maltby

Partner

SYDNEY

12 October 2000